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CANADA

BUDGET SPEECH

DELIVERED BY

HON. EDGAR N. RHODES

MINISTER OF FINANCE

MEMBER FOR RICHMOND-WEST CAPE BRETON, N.S.

IN THE

HOUSE OF COMMONS

MARCH 21, 1933



OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1933

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Hon. EDGAR N. RHODES (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, in moving that you do now leave the chair to enable the house to resolve itself into committee of ways and means to enable supply to be granted to His Majesty for the fiscal year ending March 31, 1934, it is proposed to discuss the year's financial operations under the five headings followed in the last budget, namely:

1. A short review of world economic conditions;
2. Canada's trade and commerce and financial conditions in Canada;
3. The financial operations and accounts of the dominion for the year ending March 31, 1933, and, as the fiscal year has not yet closed, the transactions still to take place have been estimated as closely as possible;
4. The estimated revenue and expenditure for the year 1933-34;
5. Ways and means to secure the revenue required to meet the estimated expenditure.

World Economic Conditions

When the budget was presented one year ago, a world financial storm of unprecedented severity was still in progress. It had started, you will recall, in Austria in the spring of 1931 and had passed from one country to another, crippling financial institutions and generally dislocating the machinery of finance and trade. Before the end of September, England had been forced off the gold standard and her example was soon followed by a score

or more of other countries. With few exceptions, all countries felt it necessary to institute exchange controls or impose additional restrictions on trade, in order to protect the value of their currencies and to safeguard themselves against unfair competition arising out of depreciated exchanges.

As a result of these conditions, the international exchange of goods tended to become more and more restricted; the world level of prices, particularly the prices of primary products and the staple exports of debtor countries, became subject to intolerable pressure; and the forces making for declining business activity and increasing unemployment were reinforced.

The United States was perhaps the last important country to feel the full force of the financial storm. During the winter of 1931-32, its banking system was subject to a double strain; foreign individuals and institutions with balances in the New York money market repatriated these balances or earmarked gold against them, while domestic depositors, distrustful of the solvency of their banking institutions, withdrew deposits. The inevitable result was the failure of thousands of small unit banks, heavy depreciation in the value of securities thrown upon the investment market, falling commodity prices and a vicious spiral of deflation. To counteract this movement, a program designed to create an expansion of credit was instituted, involving chiefly the formation of the Reconstruction Finance Corporation, the liberalization of banking legislation and extensive open market purchases of government securities by the Federal Reserve banks. By midsummer the

processes of disintegration appeared to have been effectively checked.

Up to this period, world commodity prices had been falling and business activity steadily shrinking. Even in England, departure from the gold standard had brought only temporary inflation and the level of wholesale prices had been declining since November. In June or July, however, prices turned upward in both England and the United States, and industrial production showed a similar upswing. In June, the Lausanne conference, somewhat to the surprise of the world, reached a provisional settlement of the reparations problem. While the European nations made their acceptance of the agreement conditional upon similar action being taken by the United States with respect to war debts, this conference had all the promise of marking a real beginning of international co-operation, through which the hopeless tangle of reparations, debts, tariffs, armaments and unstable currencies might be solved by international action. In July-August, the Ottawa conference, to the accomplishments of which further reference will be made a little later, succeeded in effecting a measurable relaxation of trade restrictions within the huge trading area of the British Empire, and pointed the way to similar action on a broader scale. These developments in the international sphere created an atmosphere favourable to business recovery.

During the summer also Great Britain carried through a highly successful conversion operation, reducing the rate of interest from 5 to 3½ per cent on over two billion pounds of callable public debt. This was made possible by a condition of extraordinary ease in the money market, symbolized by successive reductions of the Bank of England rate from 6 to 2 per cent and by the sale of Treasury bills at the record low rate of ⅔ of one per cent. Somewhat similar conditions prevailed in other leading money markets of the world. In the security markets, prices rose rapidly, particularly for high-grade bonds. Low money rates are traditionally regarded as the chief prerequisite to and as the forerunner of business recovery. It was not unnatural therefore that confidence began to return. Indeed, the third quarter of 1932 was a period of noticeable improvement in world industry and in business sentiment.

But the improvement was not maintained, and since last October world trade, industrial production and wholesale prices have once more tended downwards. In the renewal of the decline, the failure of the war debt negotiations has been an important, though not the sole, factor. During the last few weeks, there has been a recurrence of banking

troubles in the great country to the south of us, and new clouds have appeared on the political horizon in Europe. On the significance of this banking crisis and these new political disturbances, it is not necessary for me to comment. But I do wish to warn against too gloomy an interpretation of current happenings. Events that may seem well-nigh disastrous in themselves may nevertheless be necessary to effect some of the radical changes in public attitudes and national policies which will make possible a fundamental and permanent solution of the difficulties which beset the world.

There are those who decry the possibility of an international solution and who insist that we should seek remedies at home for present conditions. I do not wish to minimize the difficulties and delays which are involved in any program based on international agreement, or to overlook the plain duty which rests upon every nation to keep its own house in order and to strive to the utmost by domestic action to accelerate the processes of business recovery. However, one cannot fail to observe that the present crisis is international, both in its causes and its effects, and that the remedy must be sought in international understanding and co-operation. Slowly, but nevertheless surely, the world is approaching full realization of the fact that the day of national self-sufficiency is past, that an international disease can only be cured by an international remedy.

Therefore, I look forward hopefully to the World Economic and Monetary conference which is expected to meet in London in the near future, and to which we propose to give our whole-hearted support. Members of this house have already had an opportunity of studying the agenda of that conference prepared by an able committee of experts. I am hopeful that on the basis of this agenda a program can be worked out for the relaxation of exchange controls and other excessive restrictions on international trade, for the stabilization of currencies, and for the stimulation of a rise in the world level of wholesale prices. The success of this conference assumes a prior or simultaneous settlement of the war debt question and some appeasement of political fears and rivalries as a result of progress in disarmament discussions or otherwise. If these prerequisite conditions can be achieved, it should be possible to reach agreement upon a program which would be effective in restoring world confidence and initiating an early recovery of business activity. The world has this solution within its grasp and in my opinion there is no other—

short of prolonged and painful liquidation, if this indeed can be called a solution. Events are moving rapidly, driven by the urge of economic necessity. On this fact may rest the basis for a greater degree of optimism than has obtained in many months.

As foreign trade plays a dominant role in Canada's economy, it follows that the world conditions which have just been outlined, have inevitably been reflected in business conditions within this country. The course of industrial production and the physical volume of business in Canada has followed very closely that of the other leading countries. Fortunately, since the first of the year, there has been a moderate improvement in wheat prices and those who are usually well-informed are hopeful that this improvement will be sustained. I do not need to emphasize that if this rise in wheat prices can be sustained and carried farther, no other single development could be of more importance in stimulating business recovery and reviving a spirit of confidence.

Trade of Canada

Reference has been made to the factors which have contributed to a further decline in world trade, including lower commodity prices, reduction in purchasing power of many of our principal markets due to unfavourable exchange conditions and the widespread application of import restrictions. It is a matter of satisfaction that relatively the position of Canada among the great trading nations has been so well maintained. In 1932, Canada again ranked fifth, after having been seventh in 1931. An examination of the statistics also reveals that the loss in dollar value of total trade in 1932 was proportionally not so great for Canada as for other important trading countries. The soundness of our financial policy, and the beneficial effect of trade agreements, particularly those concluded with empire countries, have contributed to this result.

The following is a statement of Canada's foreign trade for the first eleven months of this fiscal year, as compared with the same period in 1931-32:

Trade of Canada

(000 omitted)

	Eleven months ended Feb. 29—1932	Eleven months ended Feb. 28—1933	Decrease
Imports..	\$ 521,056	\$373,421	\$147,635
Exports—			
Canadian produce..	536,595	437,329	99,266
Foreign produce..	9,952	6,332	3,620
Total..	\$1,067,603	\$817,082	\$250,521

It will be observed that the value of the exports of Canadian produce has declined to a lesser extent than the value of imports. Indeed, when the lower prices of the leading Canadian export commodities are taken into consideration, there will be found to have been very little reduction in the actual volume of exports.

It is also noteworthy that, despite the unfavourable conditions which have prevailed, there has been a progressive improvement in

the balance of trade. In the first eleven months of this fiscal year, ended February 28, the excess of exports over imports was \$70,240,000 which is a remarkable showing as compared with a favourable balance of \$25,490,000 in the corresponding period of the previous year, and a complete reversal of the position in the eleven months ended February 28, 1931, when our trade showed an unfavourable balance of \$70,524,000. Comparative figures are as follows:

Trade of Canada

(000 omitted)

Eleven months ended—	Imports	Exports	Balance
February 28, 1931..	\$831,232	\$760,708	(—) \$70,524
February 29, 1932..	521,056	546,547	(+) 25,491
February 28, 1933..	373,421	443,661	(+) 70,240

Although the tariff agreements arising out of the Imperial Economic Conference have been in force only a few months and their advantages are not yet fully reflected in the trade statistics, significant developments of

the utmost importance to our trade with empire countries are indicated.

In the ten months ended January, 1933, (the latest date for which trade statistics by countries are available), Canada's exports to

various parts of the empire were slightly greater than in the same period in 1932, and to the United Kingdom had increased by some seven million dollars. In addition, the de-

cline in empire imports was much less, relatively, than in respect of non-empire imports. Trade totals reflecting the inter-empire movement of goods are as follows:

Inter-Empire Trade of Canada

	Ten months ended January 31, 1932	Ten months ended January 31, 1933
Imports from United Kingdom.. . . .	\$ 87,509,816	\$ 73,629,042
Exports to United Kingdom.. . . .	153,776,204	160,610,678
Imports from British Empire.. . . .	122,448,561	101,939,909
Exports to British Empire.. . . .	192,824,941	193,115,066

When expressed as percentages of total trade, these figures clearly indicate the trend towards increased trade with empire countries. In the ten months ended January 31, 1933, imports from the British Empire were 29.13 per cent of total trade, as compared with

25.23 per cent for the previous corresponding period. Exports to empire countries in the same period were 46.34 per cent of total trade, as compared with 37.84 per cent formerly.

The percentage distribution of Canada's trade is shown in the following statement:

	Imports		Exports	
	Ten months ended January 31 1932	Ten months ended January 31 1933	Ten months ended January 31 1932	Ten months ended January 31 1933
	%	%	%	%
United Kingdom.. . . .	18.03	21.04	30.02	38.54
British Empire.. . . .	25.23	29.13	37.84	46.34
United States.. . . .	60.77	57.22	41.54	30.89
Other countries.. . . .	14.00	13.65	20.62	22.77

In imports from the United Kingdom, the chief gains have been in textiles, coal, manufactures of iron and chemicals. So far as exports to the United Kingdom are concerned, important increases are being registered in many products of the farm, mine and factory.

An increase has occurred in both imports from and exports to Australia, the latter rising from \$4,207,000 to \$6,047,000. This improvement is especially gratifying to those interested in trade from the Pacific coast.

A feature of the import trade has been the growing importance of the West Indies as a source of supply of semi-tropical fruits and vegetables.

Considered in the light of world conditions, Canada's external trade has shown a reassuring stability which reflects not only the underlying productive capacity of the country, but also the energy and capacity of those engaged in production and trade.

Financial Conditions in Canada

It will be recalled that after Great Britain departed from the gold standard, the export of gold from Canada was prohibited except under license and the gold production of the mines was purchased by the government at the world price. This policy has been con-

tinued, and the receipt of the New York premium, which would, of course, have been obtainable by producers had they been permitted to export their gold freely, has undoubtedly contributed to the substantial expansion which has occurred in gold production. Next to South Africa, Canada is now the largest producer, having expanded her output from \$16,000,000 in 1913 to \$63,000,000 in 1932, succeeding the United States as the second largest producer. It is estimated that for the present calendar year our production will amount to \$67,000,000.

The importance of this industry lies not alone in the increasing employment it has given to labour, the profits which have been disbursed in dividends and the impetus given to domestic trade generally, but perhaps primarily at this time in the support which it has given to our exchanges and the national credit.

This increased gold supply, available for export without weakening monetary gold reserves, taken in conjunction with the elimination in the past two years of a large unfavourable balance of trade and the substitution therefore of a favourable balance exceeding \$70,000,000, has been most significant in relation to Canada's ability to meet, without undue strain, the burden of interest

and principal payable abroad. Without making a detailed presentation of the various items entering into Canada's balance sheet of international payments, it may be noted that current estimates of the position indicate that exports of goods, gold, and services, are sufficient to offset annual charges payable abroad and to leave a substantial balance for principal payments on account of external debts. This has been a most important factor in maintaining the high credit position of Canada in world markets. During the past year Canada was the only foreign country that was able to borrow in the public markets of the United States.

1 This enviable position has been and can be held only by the maintenance of sound financial and monetary policies. Much has been heard in recent months about inflation. Some of the advantages claimed for inflation may seem alluring to industries harassed by falling prices and declining turnover. But let the sponsors of inflation never forget that apart from the other difficulties and dangers involved in their program, one inevitable result would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country in the form of securities and bank deposits. There are also to be considered internal reactions to any steps which might impair confidence in a country's currency. Against policies which might lead to such dangers, this government has resolutely set its face.

The external value of the Canadian dollar, though showing greater fluctuations than are desirable for the normal conduct of international trade, has been maintained at a moderate discount in terms of the United States dollar. In October last, the rate rose to 6½ per cent discount, and at no time during the past year was it depressed to the level of December, 1931. There are some who advocate that our dollar should be tied to sterling at the old parity and still others who criticize what they mistakenly believe to be a policy of pegging our dollar in terms of New York. This is not the time to enter into a discussion of this broad and complicated question. Suffice it for me to say that our dollar has been allowed to find its own level and that as a result it has been fluctuating about half-way between the United States dollar and the English pound. In so doing it may be working out a not unsatisfactory compromise between those of our national interests which would be benefited by close and stable relations with sterling, and those on the other hand which would be seriously harmed by a heavy and fluctuating discount in terms of New York.

The financial and monetary policies which have been followed have also contributed to the efficient working of our internal credit and investment facilities. In general the needs of industry, of crop-marketing agencies and of public bodies harassed by falling revenues have been taken care of with admirable efficiency, particularly in view of emergency conditions and in the light of the situation in many other countries. Canada is one of the few countries that has been able to retain a market for new long-term financing, and the volume of long-term capital issues which were floated in the domestic market last year is, I submit, a splendid tribute, not only to the efficiency of our investment and banking institutions, but also to the thrift of the Canadian people and the underlying strength of our economic position. Excluding short-term and refunding loans, a total of \$267,000,000 was raised. In passing, it is interesting to note that over \$15,000,000 was secured by Canadian borrowers from the London market, three provinces and two municipalities selling their first sterling issues since 1914.

The dead hand of past lavish expenditure and borrowing still weighs heavily upon all public bodies. While public revenues keep falling, debt charges persist and increase, consuming an ever-growing proportion of total current receipts. This whole problem of interest charges is now receiving the attention of the banking and commerce committee of this house. Without touching upon their field, may I say that the policy of this government is to keep the interest charges upon the public debt as low as possible by maintaining such financial policies as will enable us to raise new funds and convert maturing loans on the most economical basis. When the opportune moment arrives, we propose to offer a conversion loan to the public of this country. But it will be on a basis that will keep faith with investors and will not in any sense involve repudiation of existing contracts. Under such conditions, the issue can be made, it is believed, at a rate which will involve a substantial saving to the public treasury.

May I refer also, at this time, to a matter which has received some attention in the public press, namely, the movement on the part of the banks and other financial institutions to reduce the interest rate on savings bank deposits. In my judgment this reduction is a necessary step if we are to reduce the interest rate on bank loans, on mortgages and on long-term bonds to a level where business recovery will be most effectively stimulated. I need not dwell upon the extent to which

it will ease the burden of financing for all public bodies by enabling funds to be raised at lower rates. In this matter, therefore, the government is prepared to cooperate by reducing the rate of interest paid on postal savings deposits.

Finally, I wish to refer to the contribution of the chartered banks to the orderly financing of our economic life. Under the impact of the severest financial storm that history records, our banking system has fully maintained its enviable reputation, meeting every demand upon it and retaining the fullest confidence of the public. The annual bank statements which have been issued recently indicate an exceptionally strong and liquid position, while the chief concern of our banks would appear to be the difficulty of finding satisfactory outlets for the investment of their surplus reserves.

A bill has already been introduced in this house providing for the extension of existing bank charters until July 1, 1934. Before that date the periodic revision of the Bank Act will have taken place. Speaking in this house more than a year ago, the right hon. the Prime Minister, raised the question as to whether or not a central bank should be established in Canada. In recent months the question has been widely discussed, but it must be recognized that it is a highly technical matter, upon which conclusions should be reached only in the light of the fullest enquiry into all aspects of the problem. The government proposes, therefore, to appoint a royal commission to study the organization and working of our entire banking and monetary system, to consider the arguments for and against a central banking institution and to make recommendations for revising or supplementing our existing banking and monetary legislation. I need scarcely say that the endeavour will be made to secure a body of experts, wherever they may be found whose competence and whose freedom from bias will command the respect of every section of the Canadian public. The intention is that the commission should begin its investigation at an early date, should adjourn, if necessary, in order to consider its findings in the light of any recommendations that may be made by the World Monetary conference, and should submit a report which would become the basis for study by the banking and commerce committee at the next session of parliament.

The brief reference which I have made to the financial situation in this country may well be a source of satisfaction to Canadians, having regard to world conditions. I do not overlook the darker elements in the picture—the low level of business activity, the shrinkage of trade, the pressure of low prices and of existing debts, the increase of unemployment and the various social costs which it involves. Nevertheless, it means much for the prospect of future recovery that as a nation Canada is able to take care of her foreign commitments without undue strain; that our financial structure continues intact and our credit remains unimpaired in the markets of the world.

Taxation Revenues 1932-33

The continuance of the decline in business activity and in commodity prices had the inevitable effect, in Canada as in other countries, of a continuing fall in public revenues. This was particularly marked in taxation revenue from which the dominion derives over 80 per cent of its total receipts.

Of the major sources of taxation revenue, the income tax alone will yield the sum estimated. When the fiscal year ends on March 31st, income tax receipts, as now estimated, will approximate \$62,000,000 as compared with an estimate of \$60,000,000 and a yield during the previous fiscal year of \$61,255,000.

The customs tariff still ranks first as a contributor to the dominion treasury, but its yield of \$72,000,000 for 1932-33 is substantially below the customs revenues of last year. This decline reflects, of course, the fall in commodity prices and the gradual shrinkage of international trade due in part to exchange restrictions and chaotic monetary conditions. The fall in excise duties, which are estimated to produce \$38,594,000, was slightly less rapid than that in customs duties.

Because of the increase in the rate from 4 per cent to 6 per cent, the sales tax again rose to third place in the list of revenue producers. Though the higher rate was not fully effective during the entire year, the return will exceed \$58,000,000 and closely approach that of the income tax and the customs tariff. If to sales tax receipts we add the yield of the various other excise and miscellaneous taxes imposed by the Special War Revenue Act, we have a total estimated return of \$85,432,000 or over 33 per cent of our total taxation revenue.

The following table gives a comparative statement of the estimated receipts from taxes for the fiscal year now closing and the previous four years:

Taxation Revenues
(000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Customs import duties.....	187,206	179,430	131,209	104,133	72,081
Excise duties.....	63,685	65,036	57,747	48,655	38,594
War Tax Revenues—					
Banks.....	1,243	1,408	1,429	1,390	1,350
Trust and Loan Companies.....	8				
Insurance companies.....	895	74	74	12	805
Delayed business profits.....	455	173	34	3	
Income tax.....	59,422	69,021	71,048	61,255	62,000
Sales tax.....	63,646	44,859	20,784	41,734	58,757
Manufacturers', importation, stamp, transportation taxes, etc.....	19,361	18,550	13,951	17,872	24,520
Total receipts from taxation.....	395,921	378,551	296,276	275,054	258,167

Public Service Revenues

The sum of \$52,709,932 will, it is estimated, be collected by way of revenues from the various public services. This is slightly larger than the corresponding figure for the previous year.

The chief source under this head is the Post Office Department, the revenue of which is estimated at \$31,129,243. This is slightly less than the estimate and less than the total for 1931-32. On the other hand, post office expenditures have been reduced more rapidly with the result that a deficit of \$2,214,000 in 1931-32 has been turned into an expected net revenue of approximately \$567,000 during the current year. The figures for post office receipts do not include any credit for handling

the mail of the various branches of the public service free of charge, nor does the department's expenditure take into account disbursements made by Public Works and other departments on account of Post Office.

The second largest item of public service revenues is interest on investments, representing interest on advances to harbour commissions, provinces, etc., and including the regular payments by Roumania on its loan. The total this year will exceed \$11,500,000, as compared with \$9,330,125 last year. Included in the total is the payment of \$807,000 by the chartered banks for interest upon advances under the Finance Act. The corresponding payment last year was \$360,247.

A five-year comparison of non-tax revenues follows:

Non-Tax Revenues

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Canada Grain Act.....	2,992,540	2,047,207	2,179,047	1,484,826	1,437,493
Canada Gazette.....	80,214	93,890	71,197	73,590	74,000
Canals.....	1,230,333	1,043,647	1,026,671	976,845	806,200
Casual.....	4,041,095	4,300,710	3,678,487	4,286,745	4,360,454
Chinese Revenue.....	18,224	14,345	21,996	10,059	9,800
Dominion Lands.....	4,070,339	4,139,104	1,655,401	485,364	453,500
Electricity.....	563,964	546,957	632,151	402,189	299,797
Fines and forfeitures.....	655,485	748,343	433,716	233,512	208,886
Fisheries.....	109,300	110,724	73,937	40,519	37,725
Gas inspection.....	92,398	100,763	94,255	81,359	81,627
Insurance inspection.....	131,626	138,780	148,942	149,902	159,918
Interest on investments.....	12,227,562	13,518,205	10,421,224	9,330,125	11,506,694
Marine.....	182,810	184,657	199,000	191,905	178,557
Mariners' Fund.....	236,808	209,322	201,768	184,485	185,646
Military college.....	20,204	19,820	19,882	20,045	20,116
Military pensions revenue.....	155,830	158,881	159,000	163,229	156,676
Ordnance lands.....	24,830	30,277	29,384	14,250	15,000
Patent and copyright fees.....	530,239	574,918	559,646	525,248	558,882
Penitentiaries.....	178,449	181,024	183,288	166,111	101,838
Post Office.....	30,611,964	33,345,385	30,212,326	32,234,946	31,129,243
Premium, discount and exchange.....	501,592	458,390	501,610		301,108
Public works.....	414,085	408,151	362,391	280,591	214,781
R.C.M.P. officers' pensions.....	6,373	6,471	6,357	14,787	9,703
Superannuation fund.....	81	5			
Weights and measures.....	399,247	407,248	419,750	406,529	402,288
Total non-tax revenues.....	59,475,592	62,787,204	53,291,426	51,757,161	52,709,932

Included in casual revenue in the above table is \$1,400,000 received from the sale of radio licences. This compares with \$514,177 received during the previous year when the fee was \$1 compared with the present \$2.

Special Receipts

Special receipts were not as large as during either of the previous two years, primarily because nothing has been received on account of German reparations since the Hoover moratorium. From the Custodian of Enemy Property, however, there has been received \$4,000,000, which has been taken into the

accounts in part as an offset to the disbursements from the consolidated revenue fund in respect of compensation paid to civilians for damages sustained in the war.

Summary of Revenues

Adding special receipts to the returns from taxation and public service revenues, we reach a grand total revenue of \$315,290,000, which is \$18,549,000 less than the figure for the previous year.

A comparison of revenues for the last five fiscal years is given in the following table:

Summary of All Revenues

(000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Receipts from taxation.....	395,921	378,551	296,276	275,054	258,107
Non-tax revenues.....	59,476	62,787	53,291	51,757	52,710
Consolidated fund receipts.....	455,397	441,336	349,567	326,811	310,817
Special receipts.....	5,476	4,771	6,622	7,028	4,473
Grand total.....	460,873	446,109	356,189	333,839	315,290

Ordinary Expenditures 1932-33

The ordinary expenditures for the year are estimated at \$364,425,000, which is \$3,080,000 less than the figure for 1931-32. Whilst this expenditure is \$130,000 more than was estimated, this slight increase must be considered in the light of the fact that after the budget estimate was made, supplementary estimates were passed, amounting to \$7,644,000. By means of rigid control over expenditures,

it was possible to effect a total saving of upwards of \$12,000,000 from the total amounts voted by parliament.

In previous budgets it has been customary to give a statement of ordinary expenditures by services. The following five-year summary is given on the basis of expenditures by departments (with sub-heads for the more important services), in the belief that this classification will be more serviceable.

Statement by Departments of Expenditure for the Last Five Fiscal Years

(000 omitted)

Ordinary Account	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Agriculture.....	8,128	10,245	10,119	10,212	8,601
Auditor General's Office.....	400	402	416	436	390
Chief Electoral Officer, including Elections.....	75	46	2,256	145	64
Civil Service Commission.....	268	308	343	306	243
External Affairs including Office of the Prime Minister.....	749	897	928	994	875
Finance—					
Interest on Public Debt.....	124,990	121,566	121,290	121,151	134,971
Premium Discount and Exchange (Net).....				723	
Subsidies to Provinces.....	12,554	12,497	17,436	13,695	13,677
Special Grants to Maritime Provinces.....	1,600	1,600	1,600	1,600	1,600
Other Grants and Contributions.....	2,687	837	778	536	531
Imperial Economic Conference.....					258
Civil Pensions and Superannuations.....	1,648	1,545	1,476	1,405	1,330
General Expenditure.....	2,369	2,006	1,794	1,845	2,018

Statement by Departments of Expenditure for the Last Five Fiscal Years—Concluded

(000 omitted)

Ordinary account	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Fisheries.....	1,974	2,426	2,435	2,046	1,883
Governor General's Secretary's Office.....	155	170	142	148	146
Immigration and Colonization.....	2,956	3,094	2,538	2,200	1,769
Indian Affairs.....	4,739	5,333	6,069	5,081	4,507
Insurance.....	156	159	178	180	166
Interior.....	7,787	8,490	8,104	4,647	3,576
Justice.....	2,640	2,591	2,538	2,560	2,480
Penitentiaries.....	1,808	2,561	3,237	2,737	3,039
Labour.....	611	697	797	633	628
Technical Education.....	1,152	413	391	283	300
Old Age Pensions.....	833	1,537	5,658	10,032	11,500
Legislation—					
House of Commons.....	1,652	1,690	1,786	2,061	2,261
Library of Parliament.....	74	74	76	81	66
Senate.....	539	529	568	650	698
Marine.....	7,514	8,944	8,030	7,262	6,443
Canadian Radio Broadcasting Commission.....					250
Mines and Geological Survey.....	1,250	1,358	1,420	1,264	1,077
Movements of coal and Dominion Fuel Act.....	23	56	514	721	1,271
National Defence—					
Militia service.....	11,044	11,033	10,953	9,700	8,808
Naval service.....	1,836	3,013	3,598	3,043	2,422
Air service.....	5,041	5,921	7,147	4,040	1,750
Sundry services.....	1,753	1,925	1,928	1,347	1,085
National Revenue (including Income Tax).....	13,542	13,844	13,972	13,920	11,148
Pensions and National Health—					
Treatment and after-care of returned soldiers.....	7,902	8,494	9,774	11,154	10,811
Pension, war and military.....	41,095	40,032	45,541	48,249	44,500
Health division.....	1,275	1,390	1,342	1,246	965
Post Office.....	34,950	36,557	37,892	36,052	32,073
Privy Council.....	59	58	54	53	51
Public Archives.....	189	203	212	212	175
Public Printing and Stationery.....	291	302	295	289	248
Public Works.....	18,685	19,819	25,453	17,648	13,983
Railways and Canals.....	3,870	4,122	4,479	3,997	4,028
Maritime Freight Rates Act.....	7,178	7,401	10,327	9,187	10,650
Royal Canadian Mounted Police.....	2,800	3,100	3,192	3,488	6,245
Secretary of State.....	426	454	479	483	460
Soldier Settlement Board.....	1,442	1,362	1,300	1,036	851
Trade and Commerce—					
Department.....	3,245	3,252	4,955	6,417	3,335
Mail subsidies and steamship subventions.....	1,026	1,083	1,323	2,999	2,083
Canada Grain Act.....	1,856	2,271	2,356	2,306	2,136
Total ordinary expenditure.....	350,886	357,707	389,539	372,505	364,425

Premium, Discount and Exchange

It will be noted that only the net balance of the above account is included in the figures. During this fiscal year, the expenditure for this purpose will, it is estimated, total \$8,000,000. Of this amount, \$7,962,000 represents premium paid on gold purchased by the mint, the balance representing exchange on sundry items. This expenditure was more than offset on the revenue side by credits totalling \$8,301,000, resulting from the sale of

New York funds acquired by the shipment of gold, the discount on sterling purchased to meet London requirements, and the discount on sterling securities purchased below par for sinking fund purposes. This makes a net revenue for the year of \$301,000. The inclusion of the net balance only in the accounts avoids the undue inflation of revenue and expenditure arising primarily from the governmental policy of centralizing and controlling the purchase and export of gold.

Capital Expenditures

The amount voted for capital expenditure was \$9,678,100, of which \$9,123,000 will be spent. Last year the expenditures on capital

account amounted to \$16,980,000 and for the year 1930-31 the expenditure was \$28,222,000.

Classified on the usual three-fold basis, capital expenditures for the last five years are presented in the following table:

	Capital Expenditures (000 omitted)					Estimated.
	1928-29	1929-30	1930-31	1931-32	1932-33	
Canals..	\$13,164	\$ 9,324	\$ 9,842	\$ 3,299	\$3,129	
Railways..	6,302	6,663	6,371	6,242	1,582	
Public Works..	3,343	6,574	12,009	7,439	4,412	
Total capital expenditures.. . . .	\$22,809	\$22,561	\$28,222	\$16,980	\$9,123	

Special Expenditures

Special expenditures, it is estimated, will amount to \$42,483,000. This represents a reduction of \$12,993,000 from the previous year.

The two chief items in this classification are wheat bonus and unemployment relief. The carry-over of wheat bonus paid during the current fiscal year is \$1,826,260, making a total outlay on this account of \$12,734,689—considerably larger than was at first contemplated due to the unexpectedly large crop of 1931.

Unemployment Relief

On unemployment relief, the total expenditure during the year will be \$35,603,000, which is a larger amount than the current annual

cost of relief due to the fact that there was carried over from the previous year a large expenditure in respect of the Dominion government's share of the cost of relief works, the accounts for which reached us for payment some time after the actual expenditures were incurred by the provinces and municipalities.

The total amount paid in respect of commitments arising out of the 1931 act was \$17,300,000, of which \$12,400,000 was for the public works just mentioned. The amount paid in respect of commitments carried forward from the 1930 legislation was \$553,400, and the payments under the Relief Act of 1932 are estimated at \$17,749,600. The whole expenditure may be summarized as follows:

Public works..	\$12,531,100
Direct relief (including Saskatchewan Relief Commission, \$4,600,000)	19,630,280
Other expenditures, mainly Dominion projects.. . . .	3,441,620
	\$35,603,000

A comparative statement showing special expenditures during the last five fiscal years follows:

Special Expenditures (000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Adjustment of War Claims.....	120	95	110	91	72
Cost of Loan Flotations.....	11	17	193	1,350	1,551
Miscellaneous Charges.....	2,056	3,027	2,955	3,500	3,165
Reparations—					
Claims for Compensation.....		6,700	500	1,331	266
Unemployment Relief, 1930.....			4,432	13,190	553
Unemployment Relief, 1931.....				25,106	17,300
Relief Act, 1932.....					17,750
Wheat Bonus.....				10,908	1,826
Reduction of Loans to Soldier Settlers.....			8,599		
Total Special Expenditures.....	2,187	9,839	16,789	55,476	42,483

Loans to Provinces

Loans by the Dominion government to provincial governments under authority of the Relief Act, after taking current repayments into account, amounted to \$17,489,725. The loans carried forward from the previous fiscal year totalled \$22,544,422, on account of which \$2,000,000 was repaid during 1932-33. The total presently outstanding is therefore \$38,034,147.

Two provinces—Manitoba and British Columbia—were given temporary assistance in meeting maturities in New York, undertakings having been given that the loans by the dominion would be repaid from refunding issues in Canada. A portion of such loans has been repaid, as well as \$2,000,000 by British Columbia on account of a similar loan made in the previous year, the result being that the loans to assist provinces to meet their New York obligations increased during the year by a net amount of \$506,716.

The prairie provinces, in the spring of 1932, granted assistance in the form of loans for seed grain and seeding operations to farmers in areas that had suffered from drought, and the Dominion government co-operated in this emergency measure by lending the provinces

the required amounts, aggregating \$6,740,000, on account of which \$630,000 has been repaid, leaving \$6,110,000 presently outstanding.

The loans for other provincial purposes, mainly for the financing of public works and direct relief expenditures, totalled \$8,873,009, of which amount \$6,500,000 was assigned to the financing of provincial and municipal share of the cost of public works under the 1931 relief program, provision for which extended over into the present fiscal year. It will be remembered that in view of conditions existing in the western provinces, the dominion then undertook not only to pay the agreed share of the cost, but also to assist the provinces in the financing of the balance.

In all these cases, the dominion made the loans only after the most pressing representations by the governments of the provinces concerned, and as a temporary measure until these provinces, admittedly subjected to far-reaching readjustments in their budgets, were afforded the time necessary to arrange the financing of their own obligations.

A summary statement showing amounts of loans and the purposes for which they were authorized, follows:

Loans, 1932-33 net outstanding	Loans covering obligations maturing in New York	Loans re assistance to farmers, including purchase of seed grain	Loans for provincial purposes including public works and direct relief	Total
	\$	\$	\$	\$
Manitoba.....	1,944,130	380,000	2,632,580	4,956,710
Saskatchewan.....		5,590,000	2,134,338	7,724,338
Alberta.....		140,000	1,700,000	1,840,000
British Columbia.....	562,586		2,406,091	2,968,677
	2,506,716	6,110,000	8,873,009	17,489,725
Loans, 1931-32 net outstanding.....	9,637,189		10,907,233	20,544,422
Total outstanding.....	12,143,905	6,110,000	19,780,242	38,034,147

Loans and Advances, Non-Active

The final classification of expenditure consists of those advances to corporations which are non-interest-bearing and are regarded as non-active. They are charged as expenditures for the year and are not treated as assets in establishing the net debt of the Dominion.

Steamship Companies

Under the head "Canadian National Steamships," provision is made for the operations of the West Indies service and the Canadian Government Merchant Marine. There was an improvement in the operating results of

the West Indies service in 1932. The cash outlay from the dominion treasury for the year's operations was \$753,716; the corresponding figure for 1931 being \$916,568. However, as \$161,448 of the 1931 loss was not voted until the commencement of the current fiscal year, our accounts for 1932-33 will show total loans of \$915,164 to the Canadian National (West Indies) Steamships.

The operations of the Canadian Government Merchant Marine fleet have been subject to some curtailment and 13 vessels not in service were disposed of during the past year. The dominion treasury furnished \$326,613 for

1932 operating loss but, on the other hand, received back from the company \$2,624,000 as a credit to previous years' advances. Of the latter amount, \$600,000 represented working capital released as a result of lower commodity prices and diminished fleet and \$2,000,000, a surplus transferred from the company's insurance fund. This fund accumulated by reason of the fact that the annual charges for the cost of insurance were greater than the losses realized, and as the government has financed directly the whole cost of the merchant marine, it is appropriate that the surplus so accumulated should, particularly in view of the reduction which has been effected in the operations of the company, be now returned as a credit against the loans

made by the government in previous years. Taking into consideration these refunds, the accounts for the year will show a credit under the classification "Canadian National Steamships" of \$1,383,000.

The other non-active advances include \$500,000 to the Quebec harbour commission, \$2,447,000 to the Canadian Pacific Railway Company to enable the company to keep its shops open and provide employment for labour and \$395,000 for Montreal harbour bridge deficit. The net requirements for loans and advances non-active will therefore be \$1,959,000, as shown in the following statement which gives comparisons also for the previous four years:

Loans and Advances, Non-Active

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Loans to Canadian National Railways.....		2,933			
Loans to Canadian National Steamships...	758	2,491	1,827	1,199	1,383 (cr)
Loans to Quebec Harbour Commissioners..	2,888	2,821	3,491	1,379	500
Miscellaneous non-active accounts.....		17	170	534	395
Canadian Pacific Railway (relief acts).....					2,447
Accounts carried as active assets transferred to non-active.....	10,000				
	13,646	8,262	5,488	3,112	1,959

Summary of Expenditures

Grouping the 1932-33 expenditures together as in the following comparative table, it will be observed that the total of government

expenditures for the year amounted to \$417,990,000 as compared with \$448,073,000 in 1931-32, a reduction of \$30,000,000.

Summary of Expenditures

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Ordinary expenditures.....	350,886	357,707	389,539	372,505	364,425
Capital expenditures.....	22,809	22,561	28,222	16,980	9,123
Special expenditures.....	2,187	9,839	16,789	55,476	42,483
Loans and advances non-active.....	13,646	8,262	5,488	3,112	1,959
	389,528	398,369	440,038	448,073	417,990

Canadian National Railways

All of the money required for the Canadian National Railways in 1932 was provided from the dominion treasury.

It is well-known that as regards the volume of railway traffic, the year was very disappoint-

ing. Taking the system as a whole gross operating revenues suffered a decline of 19 per cent or over \$39,000,000 as compared with the previous year. Notwithstanding that the management paralleled this decrease of \$39,000,000 in gross earnings by a reduction of

\$44,000,000 in operating expenses, the net financial result for the year, after absorbing fixed charges due the public and exchange premium, was only slightly more favourable than in 1931. The dominion was required to provide in cash \$60,058,506 for deficits, as compared with \$60,968,438 in the previous year. These figures are for the whole system, including eastern lines, and take no account of interest amounting to \$35,500,000 accrued in the accounts of the railways, but not paid, on loans by the government to the company.

In addition to provision for deficits, cash must also be furnished for debt retirement and capital expenditures. The former are, of course, fixed and uncontrollable. Capital expenditures, however, have been drastically curtailed, the net in 1932, after crediting equipment retirements, amounting to \$799,158, as compared with a corresponding figure of \$34,373,262 in 1931.

The following statement gives a comparison of the financial requirements of the system for 1932, as compared with the budget estimates, and actual requirements in 1931:

Canadian National Railways—Financial requirements

	Actual 1932	Budget 1932	Actual 1931
	\$	\$	\$
Deficit—			
System (ex. eastern lines).....	53,422,661	42,784,610	52,255,676
Eastern lines.....	6,635,845	6,217,400	8,712,762
Total.....	60,058,506	49,002,010	60,968,438
Capital expenditures.....	799,158	7,033,738	34,373,262
Debt retirement.....	11,510,178	11,681,652	10,041,691
Discount on securities issued.....			4,226,030
	72,367,842	67,717,400	109,609,420
Less working capital available.....	4,231,997		633,155
Amount required.....	68,135,845	67,717,400	108,976,265

Of the total of \$72,367,842 required by the railways in 1932, \$4,231,977, it will be seen, was secured from the working capital funds of the company; the balance of \$68,135,845 was furnished by the government—\$6,635,845 by payment of the deficit on the eastern lines as a charge on the consolidated revenue fund, and \$61,500,000 by loan to the company under authority of the Canadian National Railways Financing and Guarantee Acts, passed at the 1932 session. The whole of the amount authorized was paid.

One of the recommendations of the Royal Commission on Railways and Transportation, to which effect is being given in the legislation now before parliament, is that sums which are required to meet deficits should be voted by parliament annually. To implement this recommendation, the government has submitted an estimate of \$53,422,661 in respect of the income deficit of the system in 1932, (excluding the loss on eastern lines already provided for by vote). This amount will be credited against the loans of \$61,500,000, above referred to, leaving a balance owing the government of \$8,077,339, which will remain standing as an interest-bearing loan, repre-

senting as it does outlay for capital account and debt reduction.

At the same time, loans of \$41,121,216 made by the government to the Canadian National Railway Company in the fiscal year 1931-32 in respect of railway operations in 1931, will be transferred from the category of active to non-active assets, as these also represent loans for deficits. They will be added to the \$614,000,000 of non-active assets shown in the public accounts for loans to railway companies and for the purchase of capital stock.

In so far as the accounts of the railway company are concerned, the ultimate treatment of government advances, prior to the year 1932, representing partly losses and partly capital expenditures, will be governed by the action of the proposed board of trustees to whom the control and management of the railways will be entrusted. The royal commission has recommended that the question of the capital structure of the system have the early attention of the board of trustees. It should be understood, however, that so far as the government's accounts are concerned, the effect of treating these railway advances

as non-active assets, has already been to absorb them fully into the government debt.

As at March 31, 1933, the funded debt of the Canadian National Railways due the public will amount to about \$1,263,000,000, having been reduced by \$11,000,000 in the past year. Of the amount outstanding, \$965,000,000 bears the guarantee of the dominion.

The company has also been able to retire a temporary debt of \$9,008,250, by the utilization of working capital released through reductions in stores and material accounts. This debt represented the construction cost of the Mani-

toba Northern railway, a branch line undertaken in 1927 and financed under authority of order in council by temporary bank loans.

Harbour Commissions

Advances to harbour commissions totalled \$6,657,000, a considerable reduction from the previous year when upwards of \$14,000,000 was loaned. For the most part, this sum represents capital cost of port developments inaugurated some years ago. A statement of the advances in 1932-33 and four previous years, and the total advances to date, is as follows:

Advances to Harbour Commissions

(000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	\$	\$	\$	\$	\$
Chicoutimi.....	500	815	846	465	324
Halifax.....	30	1,272	3,539	2,752	1,023
Montreal—Construction.....	1,370	4,336	2,291	1,412	614
Montreal—Bridge.....			170	534	395
New Westminster.....				189	56
Quebec.....	2,888	2,821	3,491	1,379	500
Saint John.....	602	1,711	1,094	5,764	2,581
Three Rivers.....		136	1,544	747	255
Vancouver.....	1,596	345	2,802	809	909
	6,986	11,436	15,777	14,051	6,657

Advances to date

	\$
Chicoutimi.....	2,950
Halifax.....	8,616
Montreal—Harbour.....	58,003
Montreal—Bridge.....	1,099
New Westminster.....	245
Quebec.....	26,309
Saint John—Harbour.....	11,752
Three Rivers.....	2,682
Vancouver.....	22,326
	<u>133,982</u>

It has been the practice to carry these loans, with the exception of those for the Quebec commission and the Montreal harbour bridge deficit, as active assets, on the assumption that they represented capital works that would sustain the debt incurred for them. Clearly, that has not been the situation with respect to the Chicoutimi, Three Rivers, Halifax and Saint John commissions. Interest can be paid only because it is added to the construction cost. It is proposed to transfer the advances to these commissions totalling \$26,000,000, to the non-active category at once, as the financial position of these commissions

is anything but satisfactory. It may be observed that Sir Alexander Gibb's recommendations for the control and operation of national ports would, if put into effect, involve further adjustments in the manner of recording the expenditures which the government has made for their development.

Canadian Farm Loan Board

The dominion continued to purchase at par the board's 5 per cent bonds to the extent that loaning operations required. Bonds purchased amounted to \$850,000 and a subscription of \$70,650 was made to capital stock.

The capital furnished from the dominion treasury for the operations of the board now aggregates \$8,137,115, divided as follows:

Initial capital.. . . .	\$5,050,000
Purchase of bonds.. . . .	2,650,000
Purchase of capital stock.. . . .	437,115
	\$8,137,115

Having presented the revenues and expenditures under the appropriate classifications, we are now in a position to indicate the net results of the dominion's accounts for the year. Minor adjustments have yet to be made before the accounts are closed, but the figures given are believed to approximate the final balances for the year.

With ordinary expenditures totalling \$364,425,000 and revenues of \$310,817,000 it will be observed that the resulting deficit on ordinary account is \$53,608,000.

When the budget was brought down last year, it was expected that the taxation proposals then submitted would increase the receipts to such an extent that there would be at least a balancing of the budget on ordinary account. The actual expenditure, as has been indicated has closely approximated the estimate. The explanation for the deficiency on ordinary account is therefore found in the failure of the revenues to attain the expected yield due to falling prices and shrinkage in business activity.

Special expenditures, including \$37,400,000 for unemployment relief and wheat bonus, amounted to \$42,483,000. If against this sum there is applied \$4,473,000 received in special revenues, there remains a balance of special expenditures not provided from income, of \$38,010,000. In addition there are the capital expenditures of \$9,123,000 and net loans and advances non-active of \$1,959,000. The resulting increase of debt on government operations for the year is therefore \$102,700,000, as compared with a corresponding figure in the previous year of \$114,234,000.

To give effect to the assimilation in our accounts of the deficit of the Canadian National Railways, the increase in debt of \$102,700,000 on government operations will be augmented, as previously referred to, by the addition of a special charge of \$53,422,000, resulting in a total addition to the debt, after taking into consideration the year's operations both for government and the railways, of \$156,122,000.

In the balance sheet, effect will be given also to the transfer from active to non-active assets of \$41,000,000 of advances to the Canadian National Railways in 1931-32, and of \$26,000,000 of loans to harbour commissions, as already referred to.

Loan Flotations

The dominion has been able to arrange for the orderly financing of all requirements during the year, including provision for maturing securities and the financing of the Canadian National Railways.

External borrowings in 1932-33 were for the purpose of meeting maturing obligations in New York. An issue of one-year 4 per cent treasury notes dated October 1, 1932, for the amount of \$60,000,000, was sold to a New York banking group at 99.28 and accrued interest. From the proceeds of this issue a 5 per cent temporary bank loan, then standing at \$13,000,000 but originally negotiated in 1931 for \$19,000,000, almost entirely for railway purposes, was paid off and the cash balances of the dominion held in New York were restored to the extent that they had been utilized in making periodic payments on account of this indebtedness. The other maturing obligation paid from the proceeds of this sale was the issue of \$40,000,000 two-year 4 per cent notes which fell due December 1, 1932.

In Canada \$85,000,000 was raised by the sale of treasury notes to the chartered banks. The first issue dated August 1, 1932, was for one year at 4½ per cent and was sold at par and accrued interest. The other issue of two-year notes, dated November 1, 1932, was for \$35,000,000 at 4 per cent and was sold at par and accrued interest. In addition, for temporary financing, \$12,000,000 of 90-day 4 per cent treasury bills dated October 15, 1932, were sold to the banks at par. These were called for redemption on November 3.

A public issue of securities was made in Canada at the end of October. The offering was for \$80,000,000 4 per cent bonds dated October 15, 1932, divided into two maturities:—\$25,000,000 of three-year bonds and \$55,000,000 of twenty-year bonds. The three-year bonds were sold at 99.20 and interest, yielding 4.28 per cent; and the twenty-year bonds at 93.45 and interest, yielding 4½ per cent. The three-year maturity was immediately over-subscribed about three times, and all subscriptions in excess of \$25,000 were allotted on a percentage basis. The twenty-year maturity moved more slowly but the books were closed shortly before the date set with a slight over-subscription, the total amount of the issue being \$56,191,000. The whole issue is payable in Canada only, and the twenty-year bonds are subject to redemption at par after fifteen years.

The sale of the 4 per cent loan of 1932 was in charge of a committee representing banks and investment houses, under the chairmanship of Sir Charles Gordon, president of the

Indirect Liabilities

A statement is submitted presenting in detail the various bond issues guaranteed by the dominion outstanding in the hands of the public as of March 31, 1933, of a total par value of \$996,148,354, or \$4,300,000 under the figure of a year ago. There are, in addition, contingent liabilities of a special character assumed under the several relief acts. These include guarantees in connection with wheat marketing, the Province of Manitoba Savings Office, the Beauharnois Light, Heat and Power Company and Newfoundland.

In the budget speech of last session, mention was made of the guarantee given by the government to chartered banks in respect of their advances to Canadian Co-operative Wheat Producers Limited, arising out of operations in connection with the 1930 crop, and also with respect to the banking accommodation guaranteed to the wheat pools in the three western provinces in connection with the marketing of the 1931 crop. In connection with the latter operations, the advances made by the banks and guaranteed by the government were repaid with the exception of small balances transferred to the present crop year, and no liability has accrued against the government in respect of its guarantee for the marketing of the 1931 crop.

In response to urgent requests of the governments of the three western provinces, similar arrangements were effected for financing the 1932 crop and consequently, under authority of order in council of September 20, 1932, P.C. 2077, passed pursuant to the Relief Act, 1932, a guarantee was authorized, subject to certain safeguarding provisions, of advances to the three provincial pools arising out of the marketing of last year's crop. In the case of the Manitoba organization, the limit of credit was established at \$1,395,000; for Saskatchewan, at \$15,000,000; and for Alberta, at \$9,000,000. Within the last few days, arrangements were made by which a guarantee was given to enable the pools to distribute an additional 5 cents per bushel to farmers whose grain of the 1932 crop is being marketed on the pool plan. This action was taken so that an increased percentage of the value of their grain might be available at seeding time. Under these guarantees, the liability of the government accrues only after the crop has been marketed, and there is no ground for anticipating any less favourable outcome than in connection with the financing of the crop of the previous year.

The guarantee of advances to Canadian Co-operative Wheat Producers Limited in connection with the 1930 crop remains in effect, and it was necessary during the past season for the company to increase its liability as a result of stabilizing transactions which it was considered expedient in the public interest to support. To these operations the government gave its guarantee. The steadiness which has developed in the wheat market has undoubtedly vindicated the action then taken and the question of ultimate liability will depend entirely upon the future course of wheat prices.

By order in council of April 28, 1932, P.C. 972, effect was given to an undertaking by which, in the month of February of that year, the dominion guaranteed the chartered banks doing business in Winnipeg from loss in respect of the assumption by these banks of all liabilities of the Province of Manitoba Savings Office. The banks received from the province of Manitoba as security for the assumption of such liabilities, \$12,442,400 one-year 5½ per cent treasury bills, maturing February 27, 1933, and on the maturity of these bills the banks were willing to accept a renewal, less the sum of \$334,098 paid on principal account, provided the guarantee was continued. This the governor in council authorized under minute of February 22, 1933, P.C. 318.

In connection with the Beauharnois power project, the government has guaranteed advances of a principal amount of \$15,539,000 made by several of the banks to finance construction work. These advances are secured in practically double this sum by the deposit of first mortgage bonds of the Beauharnois Light, Heat and Power Company which, in the opinion of the government affords ample security. The orders in council relating to this guarantee are dated July 11, 1932 (P.C. 1577) and February 6, 1933, (P.C. 213).

Finally, mention may be made of the assistance rendered jointly with the government of the United Kingdom, which enabled Newfoundland to meet interest obligations due January 1 last. The commitment of Canada relates to the guarantee of a bank loan of \$625,000, bearing interest at the rate of 5 per cent.

The indirect obligations represented by guaranteed securities outstanding in the hands of the public are set out in the statement which follows:

Bonds Guaranteed by Dominion Government as at March 31, 1933

Date of maturity	Issue	Interest rate	Amount outstanding
		%	\$ cts.
Sept. 1, 1934.....	Canadian Northern.....	4	17,060,333 33
Feb. 15, 1935.....	Canadian Northern.....	4½	17,000,000 00
Sept. 1, 1936.....	Grand Trunk.....	6	24,220,000 00
Oct. 1, 1940.....	Grand Trunk.....	7	23,989,000 00
Dec. 1, 1940.....	Canadian Northern.....	7	23,779,000 00
July 1, 1946.....	Canadian Northern.....	6½	24,238,000 00
April 1, 1948.....	New Westminster Harbour Commission.....	4¾	700,000 00
Sept. 1, 1951.....	Canadian National.....	4½	50,000,000 00
Aug. 1, 1952.....	Saint John Harbour Commission.....	5	667,953 04
July 10, 1953.....	Canadian Northern.....	3	9,359,996 72
Feb. 1, 1954.....	Canadian National.....	5	50,000,000 00
Sept. 15, 1954.....	Canadian National.....	4½	26,000,000 00
Mar. 1, 1955.....	Canadian National (West Indies) Steamships.....	5	9,400,000 00
June 15, 1955.....	Canadian National.....	4¾	50,000,000 00
Feb. 1, 1956.....	Canadian National.....	4½	70,000,000 00
July 1, 1957.....	Canadian National.....	4½	65,000,000 00
July 20, 1958.....	Canadian Northern.....	3½	7,896,561 63
May 4, 1960.....	Canadian Northern Alberta.....	3½	3,149,998 66
May 19, 1961.....	Canadian Northern Ontario.....	3½	34,229,996 87
Jan. 1, 1962.....	Grand Trunk Pacific.....	3	34,992,000 00
Jan. 1, 1962.....	Grand Trunk Pacific.....	4	8,440,848 00
Dec. 1, 1968.....	Canadian National.....	4½	35,000,000 00
July 1, 1969.....	Canadian National.....	5	60,000,000 00
Oct. 1, 1969.....	Canadian National.....	5	60,000,000 00
Nov. 1, 1969.....	Harbour Comm. of Montreal.....	5	19,000,000 00
Feb. 1, 1970.....	Canadian National.....	5	18,000,000 00
By tenders or drawings.....	Canadian National.....	2	28,268,505 40
Various dates 1933-54.....	City of Saint John debentures assumed by Saint John Harbour Commissioners.....	Various	1,299,018 80
Serial—Feb. 1 and Aug. 1, 1933-38.....	Canadian National Equip. G.....	5	8,250,000 00
Perpetual.....	Grand Trunk Guaranteed Stock.....	4	60,833,333 33
".....	Grand Trunk Debenture Stock.....	5	20,782,491 67
".....	Great Western Debenture Stock.....	5	13,252,322 67
".....	Grand Trunk Debenture Stock.....	4	119,839,014 33
".....	Northern Railway of Canada Debenture Stock.....	4	1,499,979 67
			996,148,354 12

The statistical presentation of the dominion's financial position is completed with the submission of the balance sheet enumerating the assets and liabilities, estimated as of March 31, 1933. Total liabilities are shown at \$2,990,315,000. After deducting from this

amount active assets made up of cash balances, specie reserve, income-producing and current assets, totalling \$391,226,000, the resulting net debt is shown at \$2,599,089,000.

The statement is as follows:

Active Assets, March 31, 1933 (Estimated)

Cash, working capital advances and other current assets.. . .		\$ 10,461,000
Specie reserve.. . . .		72,600,000
Advances to banks under Finance Act.. . . .		42,400,000
Loans to provinces for housing.. . . .	\$10,382,000	
Loans to provinces, Relief Act, 1931.. . . .	38,034,000	
		48,416,000
Loans to foreign governments—		
Greece.. . . .	6,525,000	
Roumania.. . . .	23,969,000	
		30,494,000
Loans to harbour commissioners—		
Montreal.. . . .	58,003,000	
Vancouver.. . . .	22,326,000	
New Westminster.. . . .	245,000	
		80,574,000

Active Assets, March 31, 1933 (Estimated)—Concluded.

Canadian National Railways..	16,340,000
Canadian Farm Loan Board..	8,137,000
Soldier and general land settlement..	47,755,000
Seed grain and relief advances	2,397,000
Canadian government railways open and stores accounts.. . . .	15,749,000
Deferred debits—	
Unamortized discount and commission on loans.. . . .	15,903,000
	\$391,226,000

Liabilities, March 31, 1933 (Estimated)

Dominion notes outstanding..	\$ 176,200,000
Bank circulation redemption fund..	6,585,000
Insurance and superannuation funds—	
Government annuities..	\$ 28,425,000
Insurance fund, civil service..	7,790,000
Insurance fund, returned soldiers..	11,242,000
Retirement fund..	7,205,000
Superannuation funds..	42,880,000
	97,542,000
Trust funds—	
Indian funds..	13,500,000
Common school funds..	2,672,000
Contractors' securities deposits..	350,000
Other trust funds..	2,120,000
	18,642,000
Contingent and special funds..	1,975,000
Post office money orders, postal notes, etc., outstanding.. . . .	3,080,000
Province accounts..	9,623,000
Post Office Savings Bank deposits..	22,700,000
Funded debt—	
Unmatured..	2,649,908,000
Matured but not presented for payment..	1,960,000
	2,651,868,000
Interest coupons matured but not presented for payment.. . . .	2,100,000
	\$2,990,315,000

Non-active Assets, March 31, 1933 (Estimated)

Canadian National Railways..	\$ 655,527,000
Canadian National Steamships..	15,367,000
Harbour commissioners—	
Quebec..	\$ 26,309,000
Chicoutimi..	2,950,000
Halifax..	8,616,000
Saint John..	11,752,000
Three Rivers..	2,762,000
Montreal south shore bridge..	1,099,000
	53,488,000
Seed grain and relief advances..	487,000
Soldier and general land settlement..	16,513,000
Miscellaneous advances..	3,445,000
Capital accounts—	
Canals..	240,206,000
Railways..	443,516,000
Public buildings, harbour and river improvements.. . . .	247,749,000
Military property and stores..	12,035,000
Territorial accounts..	9,896,000
	953,402,000
Railway accounts (old)..	88,399,000
Consolidated fund balance as at debit, March 31, 1933.. . . .	812,461,000
Net debt, March 31, 1933..	\$2,599,089,000

Estimated Revenues and Expenditures 1933-34

Based upon current rates of taxation the revenues for the next fiscal year are estimated at \$287,230,000 made up as follows:

Taxation revenue:	
Customs duties.. . . .	\$72,000,000
Excise duties.. . . .	38,000,000
Income tax.. . . .	40,000,000
Sales tax.. . . .	59,000,000
Manufacturers', stamp, importation and other special taxes.. . . .	26,655,000
	\$235,655,000
Non-tax revenue:	
Post office.. . . .	30,100,000
Interest on investments.. . . .	11,400,000
Other sources.. . . .	10,075,000
	51,575,000
Total.. . . .	\$287,230,000

With revenues so reduced, it becomes incumbent on the government not only to propose measures which will add substantially to the present income, but also to put into effect every reasonable economy in the administrative cost of the public service. The estimates for the ordinary services of government in the fiscal year 1933-34 total \$369,429,000, a figure which closely corresponds to the actual expenditure in the present fiscal year after taking into account the estimated increase in interest on public debt and pensions. The gap therefore between the revenues at the present yield and the estimated ordinary expenditures is \$82,000,000.

Last year, attention was directed to the extent to which the government had endeavoured to meet existing conditions by reductions in the expenditures within its control. For the purpose of making comparisons, special expenditures for unemployment and farm relief and the railway deficit, are set aside, but all other expenditures on capital as well as ordinary account, are taken into consideration. These expenditures, controllable and uncontrollable together, have fallen from \$427,000,000 in 1930-31 to \$381,000,000 in the current fiscal year, a reduction of slightly over ten per cent. Opportunities for the reduction of expenses, however, are necessarily confined to the expenditures that are controllable, as opposed to those which are fixed and generally uncontrollable, of which the main items are debt charges, pensions, subsidies and ex-soldiers' care. The controllable expenditures in the present year have been \$145,000,000 as compared with \$208,000,000 in 1930-31, a decrease of \$63,000,000 or thirty per cent. The estimates for next year indicate a further saving of about 3½ millions in this class of expenditure.

Under the urgent pressure of declining revenues, it is considered necessary that fur-

ther substantial economies should be made. It is proposed therefore that the original allotments to departments of the votes for controllable services should, when supply is released in the new fiscal year, be so modified that ten per cent of the total, or approximately \$14,000,000, will be withheld. This saving cannot be achieved by a uniform deduction from all services. The percentage may be smaller in some and larger in others, but the object in view will be to so adjust expenditures that this further economy will be effected with the minimum disturbance to personnel and to essential public services.

It is perhaps hardly necessary to say that such a measure will entail not only the earnest cooperation of employees of the civil service, but also a measure of forbearance on the part of the public generally. Recently, the Treasury Board appointed a committee of officials to review and report upon the cost of government printing and stationery with a view to the formulation of regulations and procedure which would, with an effective cooperation from the civil service, as well as the public, result in substantial savings in that direction. There are other avenues for improved and economical administration which it will be necessary to explore.

In this connection, I may say that with respect to pensioners who are in the employ of the government and who are paid the salary of the position, action will be taken whereby the payment of pension will be suspended during the period of such employment. Where the full salary of the position is not paid, the pension payment may not exceed the amount of the difference between salary received and the established salary of the position. If the pension is greater than the salary, the employee shall elect either to be paid the pension and relinquish the position, or to retain the position and have the

pension withheld during the period of such employment. This will be made applicable not only to the government service but also to boards or commissions whose activities are financed from the dominion treasury.

Not only in the government services, but also in the budgets of the railways and other bodies financed by the dominion, are we endeavouring to meet the exigencies of the day. Economies instituted by the Canadian National Railways in the course of the year 1932 will be fully reflected in the 1933 operations. Last week this house gave second reading to the legislation to make effective the recommendations of the Royal Commission on Railways and Transportation, under the provisions of which additional large savings should, in course of time, be attained. Mention may also be made of the proposed legislation relating to the administration and control of our national ports, based upon the report of Sir Alexander Gibb. The measures for coordination of administration and more effective control and supervision of capital expenditures, may be expected to afford further relief to the dominion treasury.

After making allowance for this estimated reduction of \$14,000,000, ordinary expenditures will be approximately \$68,000,000 in excess of revenues estimated on present rates and yield. Accordingly it is proposed to recommend measures which will, it is anticipated, produce at least \$70,000,000 on the basis of present business conditions, leaving a surplus of \$2,000,000. Even a slight improvement in price levels and the general volume of business would increase substantially the surplus to be applied against capital and special expenditures. Capital expenditures for the coming year are estimated at \$7,166,000. It is difficult at this time to make a precise estimate of special expenditures, but in view of the practical completion of public works projects for which commitments had been made under the 1930 and 1931 relief acts, it is clear that the total should be substantially less than during the present fiscal year. Special expenditures and non-active advances will probably not exceed \$35,000,000.

If business conditions do not improve, estimated revenues will not cover these special expenditures for unemployment relief nor the Canadian National Railways deficit, estimated at \$47,941,000. It is nevertheless the considered view of the government that the reduction in expenditures for the ordinary public services outlined above, and the proposed increases in taxation represent as drastic a fiscal program as should be contemplated

at the moment although further proposals with respect to the railway deficit are subject to review before the close of the session.

Income Tax

It is proposed to raise the rate of taxation on incomes of corporation and joint stock companies to 12½ per cent, and to remove the exemption of \$2,000 in respect of such incomes. Where a corporation files a consolidated return of its own income and the income of its subsidiaries, the rate of tax is to be 13½ per cent. The surcharge of 5 per cent of the amount of tax otherwise payable in respect of corporation incomes in excess of \$5,000 is to be absorbed into the new rate.

In respect of the tax on personal incomes, the statutory exemption, where heretofore \$2,400 will be reduced to \$2,000, and where heretofore \$1,200 will be reduced to \$1,000. The exemption for dependent children is to be lowered from \$500 to \$400. The exemption for parents, grandparents, brothers and sisters, is to be the actual amount expended up to a maximum of \$400. The surcharge of 5 per cent in respect of personal incomes in excess of \$5,000 will be continued.

A new schedule of rates will be inserted in the act applicable to all incomes in excess of the exemptions and allowances. The changes in the exemptions and in the rates of tax will apply to incomes of 1932. The following statement indicates the proposed increase in taxation in the case of a married person without dependents at various amounts of income:

Schedule Showing Taxes Payable on Certain Incomes under the present rates and under the proposed rates with an Exemption of \$2,000 for Married Persons and \$1,000 for Single Persons and commencing the first \$1,000 of Taxable Income at 3%.

Married Person, No Dependent

Income	Present Tax \$ cts.	Proposed Tax \$ cts.	Increase \$ cts.
2,000.....			
2,100.....		3 00	3 00
2,200.....		6 00	6 00
2,300.....		9 00	9 00
2,400.....		12 00	12 00
2,500.....	2 00	15 00	13 00
2,600.....	4 00	18 00	14 00
2,700.....	6 00	21 00	15 00
2,800.....	8 00	24 00	16 00
2,900.....	10 00	27 00	17 00
3,000.....	12 00	30 00	18 00
4,000.....	32 00	70 00	38 00
5,000.....	58 00	120 00	62 00
6,000.....	98 70	189 00	90 30
7,000.....	147 00	262 50	115 50
8,000.....	205 80	346 50	140 70

Schedule Showing Taxes Payable on Certain
Incomes, etc.—Concluded

Married Person, No Dependent

Income	Present Tax	Proposed Tax	Increase
	\$ cts.	\$ cts.	\$ cts.
9,000.....	275 10	441 00	165 90
10,000.....	354 90	546 00	191 10
11,000.....	445 20	661 50	216 30
12,000.....	546 00	787 50	241 50
13,000.....	657 30	924 00	266 70
14,000.....	779 10	1,071 00	291 90
15,000.....	911 40	1,228 50	317 10
16,000.....	1,054 20	1,396 50	342 30
17,000.....	1,207 50	1,575 00	367 50
18,000.....	1,371 30	1,764 00	392 70
19,000.....	1,545 60	1,963 50	417 90
20,000.....	1,730 40	2,173 50	443 10
25,000.....	2,788 80	3,349 50	560 70
30,000.....	3,918 60	4,588 50	669 90
35,000.....	5,100 90	5,880 00	779 10
40,000.....	6,335 70	7,224 00	888 30
45,000.....	7,623 00	8,620 50	997 50
50,000.....	8,962 80	10,069 50	1,106 70
55,000.....	10,355 10	11,571 00	1,215 90
60,000.....	11,799 90	13,125 00	1,325 10
65,000.....	13,297 20	14,731 50	1,434 30
70,000.....	14,847 00	16,390 50	1,543 50
75,000.....	16,449 30	18,102 00	1,652 70
80,000.....	18,104 10	19,866 00	1,761 90
85,000.....	19,811 40	21,682 50	1,871 10
90,000.....	21,571 20	23,551 50	1,980 30
95,000.....	23,383 50	25,473 00	2,089 50
100,000.....	25,248 30	27,447 00	2,198 70
110,000.....	29,108 10	31,521 00	2,412 90
120,000.....	33,072 90	35,700 00	2,627 10
130,000.....	37,142 70	39,984 00	2,841 30
140,000.....	41,317 50	44,373 00	3,055 50
150,000.....	45,597 30	48,867 00	3,269 70
175,000.....	56,597 10	60,896 00	3,798 90
200,000.....	67,859 40	72,187 50	4,328 10
225,000.....	79,384 20	84,241 50	4,857 30
250,000.....	90,934 20	96,558 00	5,623 80
275,000.....	102,721 50	109,137 00	6,415 50
300,000.....	114,534 00	121,978 50	7,444 50
325,000.....	126,583 80	135,082 50	8,498 70
350,000.....	138,658 80	148,449 00	9,790 20
375,000.....	150,971 10	162,078 00	11,106 90
400,000.....	163,308 60	175,969 50	12,660 90
450,000.....	188,483 40	204,298 50	15,815 10
500,000.....	214,183 20	233,152 50	18,969 30
600,000.....	266,658 00	291,931 50	25,273 50
700,000.....	319,158 00	350,731 50	31,573 50
800,000.....	371,658 00	409,531 50	37,873 50
900,000.....	424,158 00	468,331 50	44,173 50
1,000,000.....	476,658 00	527,131 50	50,473 50

It is felt that higher rates of taxation could not reasonably be imposed, bearing in mind not only the depleted incomes out of which the tax must be paid but also the fact that in some provinces the same incomes will be subjected to further levies for provincial and/or municipal purposes.

In order to ensure that income from bearer coupons does not escape taxation, it is proposed that all bearer coupons must have attached thereto a duly completed ownership

certificate disclosing certain necessary information with respect to the owner of such coupons. The ownership certificates attached to the coupons will be forwarded by the paying agents to the debtor corporations which will be required to segregate them and to file them with the commissioner of income tax under a covering form.

A tax of 5 per cent is to be imposed at the source on all interest or dividends paid by Canadian debtors to non-residents of Canada. In this connection I may remind you that the Dominion Income Tax Act contains a section providing for a credit to Canadian residents in respect of taxes paid abroad, provided that other countries grant reciprocal allowances. Similar provision is contained in the tax legislation of those countries in which there reside any considerable number of persons who would be affected by this new impost.

A tax of 5 per cent is also to be imposed at the source on all interest or dividends received by way of bearer coupons or cheques by Canadian residents where such coupons or cheques are payable, by Canadian debtors, optionally or otherwise in foreign currencies, and such coupons or cheques are cashed in a currency which is at a premium over par of Canadian funds.

The Income War Tax Act will also be subject to other amendments of a minor character, designed primarily to strengthen its administrative provisions.

Sales Tax

The sales tax will remain at 6 per cent as at present. Additional revenue will be derived from a limited adjustment of the exempt and partially exempt list, in the case of a number of articles not primary products which it is believed should, under present conditions, carry a proportionate share of the tax burden. The chief items to be taken from the exempt list are materials and non-permanent equipment entering into the manufacture of goods subject to the sales tax, fuel oil, molasses, corn syrup and sugar cane syrup, cleaned rice, sago and tapioca, certain other processed food-stuffs, and certain types of machinery and appliances.

All items included in schedule IV of the Special War Revenue Act, now taxable at 3 per cent, will be subject to tax at the full rate of 6 per cent, with the exception of articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

Excise Taxes

Special excise taxes will be levied on the following products at the rates specified; cosmetics and toilet preparations, 10 per cent on the duty paid value, when imported, or the manufacturer's sale price, when manufactured in Canada; automobile tires and tubes, 5 per cent on the duty paid value or the manufacturer's sale price; cigarette papers, in sheets, packaged or not, imported into or manufactured in Canada, 2 cents per hundred leaves; and cigarette tubes, imported into or manufactured in Canada, 5 cents per fifty tubes. In the two last-named cases the tax will be collected by requiring the importer or manufacturer to affix stamps to the packages of paper or tubes.

A special excise tax of 2 cents per pound will also be levied on all refined sugar imported into or refined in Canada. In announcing this tax, however, I call attention to the fact that the government has refrained from imposing any special excise tax on tea, coffee or other similar commodity of general consumption.

It is also proposed to levy an excise tax of 25 cents per gallon on unfermented wort and an excise tax of 50 cents per pound on malt syrup or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer.

The provisions of the Special War Revenue Act exempting from the stamp tax, cheques, receipts to banks, money orders, travellers' cheques and post office money orders where such instruments are for an amount not exceeding \$5 will be repealed, except in the case of creamery tickets or cheques. The stamp tax on postal notes will be raised from 1 to 3 cents. When matches are put up in books or packages containing less than twenty-one matches, excise tax will be payable at the rate of 3/20ths of one cent per package.

Other amendments to the Special War Revenue Act will include a provision exempting from the note circulation tax the notes of a Canadian chartered bank specially issued to circulate in any British colony or possession other than Canada, to the extent that they are subject to tax by or under the laws of such colony or possession.

Excise Duties

The excise duty on distilled spirits used in the manufacture of proprietary medicines, extracts, essences, perfumed spirits, and pharmaceutical preparations will be raised to \$2.50 per proof gallon. An excise duty of \$1 per proof gallon will also be imposed on spirits

distilled from the juices of native fruits for use by registered wine manufacturers in fortifying native wines.

Customs Tariff

In the early stages of this session, in order to implement agreements entered into at the Imperial Economic conference, amendments were effected involving 260 items of our tariff schedules.

Recently, a tariff board was established. In these circumstances, it is deemed undesirable to propose, either in whole or in part, any major revision.

Certain amendments of a minor character, some 57 in number, are submitted. These may be sub-divided as follows:

Clarifications of wording.	21
Reductions under all tariffs.	15
Reductions under British preferential tariff.	3
Reductions under intermediate and general tariffs.	12
Increases under intermediate and general tariffs.	5
Increases under British preferential tariff.	1
	57

The rates in our tariff schedules were made having in mind parity of exchange. Consequently when the pound sterling became depreciated, it was necessary to value it for purposes of special or dumping duty at \$4.40, in order to offset in part the advantage which the British exporter obtained in our markets as a result of the depreciated pound. After careful examination, it is believed that under present conditions this valuation can be lowered with safety. I am therefore pleased to announce that, effective to-morrow, the value of the pound sterling for this purpose will be \$4.25.

The government has given most careful consideration to the problems with which our agricultural and fishing interests are confronted in selling their products in countries with depreciated and fluctuating currencies. As a result it is proposed to establish a fund to be known as the agricultural stabilization fund.

From it there will be paid to exporters to the British market the difference between the price actually received and the pound sterling valued at \$4.60. In other words, to the extent that the pound sterling falls below \$4.60 the difference will be made good from this fund.

This will apply to the following commodities: animals, meats (including bacon and hams), poultry, fresh fish, canned fish, tobacco,

cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey.

The direct result of this policy will mean increased returns to producers, and it is believed that the indirect returns will be even greater. To-day the exporter has to insure himself against losses arising from fluctuations in currency, and this insurance can only be secured at the expense of the producer through the payment to him of the lowest possible price. With an assured fixed and certain cash return the exporter can afford to pay the producer the full value of his product. There remains the additional advantage that as exports are stimulated there would follow improved prices in the home market. Appropriate measures will be taken to give effect to this policy.

It is fully recognized that the additional measures of taxation will involve further sacrifices and the assumption of further burdens by individuals, commerce and industry. Four years of stress and strain resulting from a world depression of unparalleled magnitude cannot but make these burdens more difficult to bear. Nevertheless, it is of paramount importance that as to current expenditures at least we should live within our income. We cannot do less and preserve our national credit. Should that be impaired it would be found that the ultimate sacrifice involved in the effort to restore it would be many times greater.

It has been urged in many quarters that we should balance our budget to the extent of providing currently for the additional expenditures we must make to provide for deficits of the Canadian National Railways and for unemployment relief. Beyond question this would be the ideal course. But to attempt to pursue it under existing conditions would—in my judgment—not only place an unbearable burden upon the taxpayer of to-day, but would as well retard that recovery of business and industry which is essential to our future well-being.

With a slight improvement in business our present taxation will produce an expanding revenue sufficient to provide a margin beyond our current needs. Furthermore as conditions improve the drain upon the treasury for the national railways and unemployment relief will, at the same time, automatically diminish. With expanding revenue upon the one hand and lessening demands upon the other, we can approach gradually and in orderly manner that goal which we must determine to attain at the earliest possible moment, namely, to pay our way year by year, and contemplate a reduction rather than an increase in our national debt.

Meantime it is not unreasonable to spread over a period of years the exceptional burden imposed upon us by the unusual severity of existing world conditions.

That conditions throughout the world are grave it would be idle to deny. That we have our own serious problems to solve is beyond question. At the same time we have no occasion to despair for the future, on the contrary I am of the firm belief that we can look forward with complete confidence to better and happier days. We still retain the same rich and varied resources, we are still blessed with those qualities of resourcefulness which are a heritage from our sturdy pioneer forbears. As we have overcome all obstacles which in the past have bestrewn our national path, so will we continue to overcome those which lie ahead.

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:

Resolutions to Amend the Customs Tariff

1. Resolved, That the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930, (first session), chapter three of the Acts of 1930 (second session), and chapter thirty of the Acts of 1931, be further amended by adding to Section six thereof the following subsection:—

(9) Notwithstanding the provisions of any other law, the Governor in Council may from time to time and as occasion requires order and direct, subject to such exceptions as may be made, what shall be the rate of exchange fixed for any currency in computing the value for duty of goods imported into Canada from any place or country the currency of which is depreciated, and in case a sum in Canadian currency less than the invoice value of the goods in the currency of the place or country of export, computed at the rate of exchange so ordered, be paid for the goods, the actual selling price of the goods to the importer shall be regarded as less than the fair market value of the goods when sold for home consumption, and the provisions of this Section shall apply and special or dumping duty shall apply equal to the difference between the value of the invoice computed at the current rate of exchange or at the average current rate from time to time fixed by order of the Governor in Council, and the value of such invoice, computed at the rate of exchange for duty so ordered as aforesaid, or may be less than such difference as the Governor in Council may from time to time order and direct; and the Governor in Council may order and direct that in all cases of sales or consignments of goods imported into Canada, where the importer owns, controls or is interested in the business of the exporter, or the exporter owns, controls or is interested in the business of the importer, or the importer and exporter operate under a controlling or holding company, notwithstanding the expressed terms of the sale or consignment, the transaction shall be regarded as a sale and the

actual selling price to the purchaser in Canada shall be taken to be the value of the goods in the currency of the place or country of export converted into Canadian currency at the current rate of exchange, or at the average current rate from time to time fixed by order of the Governor in Council, and shall be regarded as less than the fair market value of the goods when sold for home consumption and the provisions of this Section shall apply and special or dumping duty shall be deemed to apply equal to the difference between the value of the invoice computed at the current rate of exchange or at the average current rate from time to time fixed by order of the Governor in Council, and the value of such invoice computed at the rate of exchange for duty so ordered as aforesaid, or may be less than such difference as the Governor in Council may from time to time order and direct.

Any order in council made hereunder may be varied, extended or revoked at any time by the Governor in Council.

This subsection shall be deemed to have had effect from and after the first day of September, 1931.

2. Resolved, That Schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the Acts of 1928, chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first Session), chapter three of the Acts of 1930 (second Session), chapter thirty of the Acts of 1931, chapter forty-one of the Acts of 1932, and chapter six of the Acts of 1932-33, be further amended by striking thereout tariff items 79, 99c, 101, 123a, 157a, 173, 194, 203a, 203b, 206a, 208, 208e, 208o, 209, 210e, 278, 315, 315a, 316, 327, 353, 366b, 385a, 409j, 409q, 417, 438b, 438d, 445c, 471, 475, 476a, 485, 520c, 568, 571, 682a, 756, 783, and 799, the several enumerations of goods respectively and several rates of duties of customs, if any, set opposite each of said items, and by inserting the following items, enumerations and rates of duty in said Schedule A:—

Tariff Item		British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B.P. Tariff	Int. Tariff	Gen. Tariff
79	Florist stock, viz.:—Azaleas, rhododendrons, pot-grown lilacs, rose stock and other stock for grafting, seedling carnation stock, araucarias, bulbs, corns, tubers, rhizomes and dormant roots, n.o.p.	Free	15 p.c.	20 p.c.	Free	15 p.c.	20 p.c.
79c	Seedling stock for grafting, viz.:—Plum, pear, peach and other fruit trees.	Free	Free	Free	Free	15 p.c.	20 p.c.
99c	Raisins and Dried Currants:— (i) Until July 31, 1934. per pound (ii) Thereafter. per pound	Free	4 cts. 3 cts.	4 cts. 3 cts.	Free	4 cts. 3 cts.	4 cts. 3 cts.
101	When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.						
101b	Oranges, n.o.p. per cubic foot Oranges, the produce of Palestine (when imported direct from the country of growth and production) during the months of January, February, March and April.	Free	35 cts.	35 cts.	Free	35 cts.	35 cts.
123a	Crabs, clams or shrimps in sealed containers.						
137a	Amyl alcohol or refined fusel oil, when imported by the Department of National Revenue or by a person licensed by the Minister, to be denatured for use in the manufacture of metal varnishes or lacquers, to be entered at ports prescribed by regulations of the Minister, subject to the Excise Act and to the regulations of the Department of National Revenue.	17½ p.c.	40 p.c.	Free	17½ p.c.	35 cts. 27½ p.c.	35 cts. 30 p.c.
173	Books and Cards, including playing cards, embossed or grooved, for the blind; and books for the instruction of the deaf, dumb or blind; maps and charts for the use of schools for the blind.	Free	Free	Free	Free	25 cts. per gal.	25 cts.
194	Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards. per pack or equivalent	Free	Free	Free	Free	Free 7 cts.	Free 8 cts.
203a	Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning. Provided, that when such chemical compounds, are permitted Free entry into the United Kingdom, by license, under Section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be.	5 cts.	7 cts.	8 cts.	5 cts. 15 p.c.	7 cts. 22½ p.c.	8 cts. 22½ p.c.
		Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
		Free	Free	Free			

203b	Aniline and coal tar dyes, soluble in water, in bulk or packages of not less than one pound weight. Provided, that when such dyes are permitted to be Free entry into the United Kingdom, by license, under Section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be.	Free	10 p.c.	Free	10 p.c.	Free	10 p.c.	10 p.c.
206a	Bacteriological products, or serum for sub-cutaneous injection.	Free	Free	Free	Free	Free	20 p.c.	20 p.c.
208	Boric acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; tannic acid; ammonia, sulphate of; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.: tartar emetic, chloride and lactate (antimonine); arsenous oxide; precipitate of copper (crude); verdigris or sub-acetate of copper, dry; sulphur and brimstone, crude or in roll or flour; argols; iodine, crude; bromine; sulphide of arsenic; carbon bisulphide.	Free	Free	Free	Free	Free	Free	Free
208e	Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals	Free	15 p.c.	Free	15 p.c.	Free	15 p.c.	15 p.c.
208o	(i) Cream of Tartar in crystals.	Free	10 p.c.	Free	10 p.c.	Free	10 p.c.	10 p.c.
208u	(ii) Tartaric Acid crystals.	Free	Free	Free	Free	Free	15 p.c.	15 p.c.
209	Xanthates, for use in the process of concentrating ores, metals or minerals.	Free	Free	Free	Free	Free	Free	Free
209d	Potash, muriate and sulphate of, crude; saltpetre or nitrate of potash.	Free	Free	Free	Free	Free	Free	Free
210e	Potash, chlorate of, not further prepared than ground on and after July 31, 1933. Nitrate of Soda or cubic nitre when imported for use as a fertilizer, or in the curing or pickling of meats, or when imported by manufacturers of explosives for use exclusively in their own factories in the manufacture of explosives.	Free	15 p.c.	Free	Free	Free	15 p.c.	Free
278	Oils, viz.:—Cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil.	Free	10 p.c.	Free	10 p.c.	Free	15 p.c.	Free
278d	Olive Oil for manufacturing soap or tobacco, or for canning fish.	Free	Free	Free	Free	Free	10 p.c.	10 p.c.
315	Carbons or carbon electrodes over three inches in circumference or outside measurement and not exceeding thirty-five inches in circumference or outside measurement; carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells.	Free	Free	Free	Free	Free	Free	Free
315a	Carbons or carbon electrodes exceeding thirty-five inches in circumference or outside measurement.	Free	20 p.c.	Free	20 p.c.	Free	20 p.c.	20 p.c.
316	Electric light and arc carbons, pointed or not, and contact carbons, n.o.p. per pound and.	22½ p.c.	32½ p.c.	35 p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.

Tariff Item	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
				B.P. Tariff	Int. Tariff	Gen. Tariff
327						
327a	20 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
353	Free	Free	Free	20 p.c.	27½ p.c.	30 p.c.
353a	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
366b	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
385a	Free	10 cts.	15 cts.	Free	20 p.c.	20 p.c.
409j	Free	20 p.c.	20 p.c.	Free	20 p.c.	20 p.c.
409q	Free	15 p.c.	25 p.c.	Free	15 p.c.	25 p.c.
	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
	Free	7½ p.c.	7½ p.c.	Free	7½ p.c.	7½ p.c.
	Free	6 p.c.	6 p.c.	Free	6 p.c.	6 p.c.

Spectacles; eyeglasses, and ground or finished spectacle or eyeglass lenses, n.o.p.

Contact eyeglasses or lenses, designed to be worn in direct contact with the human eye, under the lid.

Aluminum and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets and blooms; bars, rods and wire; angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles; leaf or foil, less than .005 inch in thickness, plain or embossed with or without backing; wire and cable, twisted or stranded, reinforced with steel or not; aluminum powder.

Aluminum scrap.

Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.

Parts of watch movements, finished or unfinished.

Provided, that when imported under the Intermediate or General Tariffs, the duty on plates designed to hold in place four or more wheels or other moving parts shall be not less than, per plate.

Sheets, plates, hoop, band or strip, of rust, acid or heat resisting steels, hot or cold rolled, polished or not, valued at not less than five cents per pound.

Fanning mills; peaviners; corn husking machines; threshing machine separators, including wind stackers, baggers and self-feeders thereof; complete parts of all the foregoing.

Complete parts for repairs, under regulations prescribed by the Minister:—

(i) For the implements or machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p and 439c.

(ii) For the implements or machinery enumerated in tariff item 409b.

(iii) For the implements or machinery enumerated in tariff item 409d.

409r	(iv) For the implements or machinery enumerated in tariff items 409h and 409n.....	Free	10 p.c.	Free	10 p.c.	15 p.c.
417	(v) For the implements or machinery enumerated in tariff item 409k.....	Free	17½ p.c.	Free	17½ p.c.	17½ p.c.
	Weighters for use as parts of threshing machine separators, and complete parts thereof.....	Free	10 p.c.	Free	15 p.c.	25 p.c.
428d	Machinery and complete parts thereof, and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beet-root, under regulations prescribed by the Minister.....	Free	Free	Free	Free	Free
438b	Magnets and complete parts thereof, when imported by manufacturers of internal combustion engines, for use exclusively in the manufacture of such internal combustion engines, in their own factories... Automobiles for conveying passengers only, n.o.p., valued at retail at place of production, when new, with standard equipment complete, at not more than twelve hundred dollars each; motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck; chassis for motor vehicles specified in this item.....	Free	10 p.c.	15 p.c.	25 p.c.	30 p.c.
438d	Horns, distributors, instrument board lamps, oil gauges, gasoline gauges and parts thereof, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, lock washers, speedometers and parts thereof, vacuum tanks, fuel pumps and parts thereof, composite gaskets of metal and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, steering gear locks, transmission locks, or combinations of such locks, and parts thereof, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls, and body stampings of metal, including front, rear, side and door stampings, not further manufactured than welded or riveted for shipping purposes, all the foregoing being of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c, 438e and 438f, for use only as original equipment in the manufacture of motor vehicles enumerated in Tariff Items 438a, 438b, 438c and 438f.....	Free	17½ p.c.	Free	17½ p.c.	20 p.c.
		Free	Free	Free	Free	Free
						25 p.c.
						27½ p.c.
						35 p.c.

Tariff Item	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
				B.P. Tariff	Int. Tariff	Gen. Tariff
438h	Annular ball bearings and parts thereof, when imported for use in the manufacture of goods enumerated in tariff items 438a, 438b, 438c, 438e and 438f, for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, 438c and 438f, under regulations prescribed by the Minister.....	Free	Free	Free	Free	Free
440n	Complete parts for repair of engines enumerated in tariff item 440m.....	12½ p.c.	15 p.c.	10 p.c.	25 p.c.	27½ p.c.
445c	(i) Electric telegraph apparatus and complete parts thereof.....	Free	30 p.c.	Free	25 p.c.	30 p.c.
445j	(ii) Electric telephone apparatus and complete parts thereof.....	10 p.c.	30 p.c.	Free	25 p.c.	30 p.c.
464b	Electric dry shaving machines, of a class or kind not made in Canada, for use in removing human hair.....	Free	10 p.c.	15 p.c.	27½ p.c.	35 p.c.
471	Steel die-blocks, of a class or kind not made in Canada, not less than forty-four degrees of hardness by scleroscopic test.....	Free	Free	15 p.c.	27½ p.c.	35 p.c.
471a	Belt pulleys of all kinds, n.o.p., for power transmission.....	15 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
475	Stereotypes, electrotypes and copper shells for the and bases and matrices and copper shells for the same, whether composed wholly or in part of metal or celluloid; positive and negative films of books.....	Free	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
476a	Glassware and other scientific apparatus for laboratory work in public hospitals; surgical operating tables and complete parts thereof; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the Minister.....	Free	Free	Free	Free	Free
485	Metal caps, for use in the manufacture of electric batteries.....	Free	Free	15 p.c.	27½ p.c.	35 p.c.
486	Artificial Larynx, for use in restoring speech.....	Free	Free	Free	Free	Free
520c	Linters of short fibres of cotton, bleached, and cotton pulp, when imported by manufacturers of paper, for use exclusively in their own factories in the manufacture of blotting or other grade of paper...	Free	Free	15 p.c.	27½ p.c.	35 p.c.
		10 p.c.	12½ p.c.	Free	22½ p.c.	25 p.c.
				7½ p.c.	10 p.c.	12½ p.c.

522b	Yarns, wholly of cotton, coarser than number forty but exceeding number twenty, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread and crochet, knitting, darning and embroidery cottons.....	7½ p.c.	15 p.c.	20 p.c.	12½ p.c. and 2 cts.	15 p.c. 3½ cts.	22½ p.c. per pound 4 cts.
523d	Woven fabric, wholly of cotton, imported for use as billiard cloth.....	Free	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	22½ p.c. 2 cts.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.
525	Woven fabric, wholly of cotton, specially treated and glazed, when imported by rubber manufacturers for use in their own factories, exclusively as a detachable protective covering for uncured rubber sheeting.....	Free	30 p.c.	35 p.c.	25 p.c. and 2 cts.	30 p.c. 3½ cts.	35 p.c. per pound 4 cts.
508	Knitted garments, knitted underwear and knitted goods, n.o.p.....	25 p.c.	35 p.c. 25 cts.	45 p.c. 30 cts.	25 p.c.	25 p.c.	45 p.c.
571	Carpeting, rugs, mats and matting of straw, hemp, flax tow, jute or paper; carpet lining and stair pads..	15 p.c.	22½ p.c.	25 p.c.	15 p.c. 30 p.c. and 5 cts.	22½ p.c. 35 p.c. per square foot 15 cts.	25 p.c. 40 p.c. 20 cts.
682a	Net floats of aluminum, glass or cork, of a class or kind not made in Canada, for use only in deep-sea or lake fishing, not to include floats for sportmen's use.....	Free	Free	Free	Free Free	Free 17½ p.c.	Free 20 p.c.
756	Artificial abrasive grains, crushed or ground, when imported for use in Canadian manufactures.....	Free	Free	Free	Free	Free	Free
783	Gasoline and steam engines, transmission assemblies and parts thereof, magnetos, starting motors, electric generators, propeller shafts, steel chassis frames, brakes, clutches, brake and clutch controls, steel road wheels, steel rims for pneumatic tires, larger than thirty inches by five inches, steering gears and front and rear axles, all of a class or kind not made in Canada, when imported by manufacturers of motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck, for use only in the manufacture of such motor trucks.....	Free	17½ p.c.	20 p.c.	Free	17½ p.c.	20 p.c.

3. Resolved, That Schedule B to the Customs Tariff, being Chapter forty-four of the Revised Statutes of Canada, 1927, be amended by in-

serting therein the following Item, enumeration and rates of drawback of customs duties:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including special Duty or Dumping Duty) Payable as Drawback
1063	Materials, including all parts.....	When used in the manufacture of engines for use exclusively in the equipment of aircraft.....	60 p.c.

4. Resolved, That Schedule C to the Customs Tariff, being Chapter forty-four of the Revised Statutes of Canada, 1927, be amended by delet-

ing therefrom Item 1215 and by inserting in said Schedule C the following Items:—

1215 Used or second hand automobiles and motor vehicles of all kinds, manufactured prior to the calendar year in which importation into Canada is sought to be made.

Provided, that this Item does not affect in any manner automobiles and motor vehicles,—

- (a) Imported under Tariff Items 702, 705a, 706, 707 or 708, or under tourists' or travellers' vehicle permits;
- (b) Imported by a *bona fide* settler on a first arrival but not entitled to entry free of duty under Tariff Item 705a;
- (c) *Bona fide* purchased on or before the first day of June, one thousand nine hundred and thirty-one, by consumers for their own use and not for resale;
- (d) Forfeited or confiscated for any offence under the Customs laws, or the laws of any province of Canada;
- (e) Left by bequest.

1216 Used or second-hand aeroplanes and aircraft of all kinds.

Provided, that this Item does not affect in any manner aeroplanes and aircraft,—

- (a) Imported under tariff Items 707 or 708, or engaged solely in international traffic, or brought in by non-resident tourists for temporary use under permit issued by the Department of National Revenue;
- (b) *Bona fide* purchased on or before the twenty-second day of March, one thousand nine hundred and thirty-three, by consumers for their own use and not for resale;
- (c) Forfeited or confiscated for any offence under the Customs laws, the Air Regulations or the laws of any province of Canada;
- (d) Imported by the Department of National Defence for military purposes.

5. Resolved, That any enactment founded upon Resolutions 2, 3 and 4 of the foregoing Resolutions to amend the Customs Tariff or Schedules thereto, shall be deemed to have come into force on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods mentioned in the foregoing Resolutions imported or taken out of warehouse on and after that date, and to have applied to goods previously imported for consumption for which no entry for consumption was made before that date.

EXCISE ACT—GOVERNMENT NOTICE OF MOTION

The Minister of Finance—On next—
in committee of ways and means
the following resolution:

Resolved, That it is expedient to introduce a measure to amend the Excise Act, chapter sixty of the Revised Statutes of Canada, 1927, and to provide:—

1. (i) That section one hundred and forty-nine of the said Act, as amended by chapter eight of the Statutes of 1932, be amended by providing that the rate of excise duties set out by the second paragraphs (a), (b) and (c) of the said section be fixed at two dollars and fifty cents per gallon of the strength of proof on spirits used in the manufacture of patent and proprietary medicines, extracts, essences,

perfumed spirits, and pharmaceutical preparations manufactured in bond, instead of \$2.40, \$2.42 or \$2.43 as set out in the said paragraphs:

(ii) That said section one hundred and forty-nine be further amended by adding thereto the following subsection as subsection two thereof:

“(2) There shall be imposed, levied and collected on all spirits distilled from the juices of native fruits for use exclusively by registered wine manufacturers under prescribed regulations, a special excise duty as follows:

On every gallon of the strength of proof by Sykes' hydrometer, one dollar and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon, and the said duty shall be payable by the registered wine manufacturer at the time such spirits are taken out of warehouse.”

2. That subsection two of section one hundred and fifty of the said Act be amended by repealing paragraphs (a), (b) and (c) thereof and substituting therefor the following:

“On every gallon of the strength of proof by Sykes' hydrometer, two dollars and fifty cents, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than one gallon.”
thereby increasing to a flat rate of two dollars and fifty cents the duties already imposed at

\$2.40, \$2.42 and \$2.43 as the case may be on spirits used by licensed druggists in the manufacture or preparation of medicines, etc.

3. That any enactment founded on the foregoing paragraphs of this Resolution shall be deemed to have come into effect on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods taken out of warehouse for consumption on and after that date.

SPECIAL WAR REVENUE ACT—GOVERNMENT NOTICE OF MOTION

The Minister of Finance—On
in committee of ways and means
the following resolution:

Resolved, That it is expedient to amend The Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, as amended by chapter fifty of the Statutes of 1928, chapter fifty-seven of the Statutes of 1929, chapter forty-three of the Statutes of 1930, chapter fifty-four of the Statutes of 1931 and chapter fifty-four of the Statutes of 1932, and to provide:

1. That section four of the said Act be amended to provide that notes of a bank in circulation in any British colony or possession other than Canada, under the authority of section sixty-two of the Bank Act and in respect of which taxation is levied and payable by or under the laws of such colony or possession, shall be exempt from the taxation required to be made under sections three and four of the said Act, provided that if the tax imposed by or under such laws is less than the tax imposed under section three of the said Act the amount of such exemption shall not exceed the amount required to be paid by or under the laws of such colony or possession in respect of such notes.

2. That the provisions exempting from the stamp tax cheques, receipts to banks, money orders, travellers' cheques and post office money orders, where such instruments are for an amount not exceeding \$5 be repealed, except in the case of cheques issued by butter or cheese factories to producers of milk or cream.

3. That section seventy of the said Act, as enacted by chapter fifty-four of the Statutes of 1931, be amended by providing that the stamp tax on postal notes shall be at the rate of three cents.

4. That section fifty-eight of the said Act, as enacted by chapter forty-three of the Statutes of 1930, be amended by adding thereto and making liable to the excise tax on sale, transfer or assignment of stocks, bonds, etc., the following:

"Any participating interest in the operations or profits of any association, company, or corporation, represented by certificates, documents, or other instruments of title capable of being sold, transferred or assigned, including mineral deeds, oil royalties, and fixed investment trust shares issued by a trustee and representing equitable ownership in deposited securities."

5. That section seventy-six of the said act be amended by providing that when matches are put up in packages containing less than twenty-one matches each the tax shall be payable at the rate of three-twentieths of one cent per package instead of at the rate of three-sixteenths of one cent.

6. That part X of the said act be amended by adding thereto the following as section 77 (a):

"77(a). Except as hereinafter provided, every manufacturer and every importer of cigarette papers in packets shall affix to every packet of cigarette papers manufactured by him or imported into Canada, an adhesive or other stamp of the value of 2 cents for each 100 leaves or fraction of 100 leaves contained in such packet.

2. Except as hereinafter provided, every manufacturer and every importer of cigarette paper tubes shall affix to every package of cigarette paper tubes manufactured by him or imported by him into Canada, an adhesive or other stamp of the value of 5 cents for each 50 cigarette paper tubes or fraction of 50 cigarette paper tubes contained in such package.

3. No manufacturer or importer shall sell or import cigarette papers or cigarette paper tubes unless they are in packets or packages.

4. It shall not be necessary to affix an adhesive or other stamp to packets of cigarette papers or packages of cigarette paper tubes manufactured in Canada for export out of Canada when they are manufactured and exported under regulations made under the provisions of this act.

5. When cigarette papers in packets or cigarette paper tubes in packages are imported into Canada, the adhesive or other stamp shall be affixed to the packets or packages while they are in the custody of the proper customs officers.

6. The provisions of this section shall not apply to cigarette papers or cigarette paper tubes sold to, or manufactured by, or imported by, a manufacturer licensed to manufacture cigarettes, who employs such cigarette papers or cigarette paper tubes in the manufacture of cigarettes subject to the provisions of the Excise Act."

7. That subsection two of section eighty-six of the said act be amended by adding thereto the following proviso:

"Provided that if a licensed wholesaler sells goods to another licensed wholesaler at a price less than the value upon which the tax is to be computed under paragraph (c) of the last preceding subsection, the vendor shall forthwith become liable to pay the tax upon the difference between such value and his sale price."

8. That schedule I to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:

(i) Articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and to include toilet soaps, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations, 10 per cent.

(ii) Tires of rubber, including inner tubes, for automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said vehicles, 5 per cent.

9. That schedule II to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:

(i) Sugar, as enumerated in customs tariff item No. 134, 2 cents per pound.

(ii) Unfermented wort (sweet wort), 25 cents per gallon.

(iii) Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer, 50 cents per pound.

10. That schedule III to the said act, as enacted by chapter fifty-four of the statutes of 1932, be repealed and the following substituted as schedule III:

Schedule III

Bread, not to include rolls, buns or similar goods, whether sweetened or not; flour, not including self-raising flour; animals living; live poultry; meats and poultry, fresh; meats salted or smoked; milk, including buttermilk; condensed milk, evaporated milk and powdered milk; cream; butter; cheese; lard, when produced in Canada; eggs; vegetables, fruits, grains and seeds in their natural state; shorts; bran and middlings when for use as cattle, hog, poultry or other stock feed; alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poultry feed; hay; straw; hops, when produced in Canada; nursery stock; vegetable plants; other farm produce sold by the individual farmer of his own production; bees; honey; sugar; maple syrup; salt, when manufactured or produced in Canada; ice; fish and products thereof; ores of metals of all kinds; fuel other than in liquid form; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; split fence posts; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest, when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly, bimonthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; radium; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; artificial limbs, and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles for the use of the Governor General; articles imported for the personal or official use of the British High Commissioner, Ministers of Foreign Countries, Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; bibles, missals, prayer books, psalm and hymn books, religious tracts, and Sunday school lesson pictures; manila fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats bona fide built for individual fishermen for their own personal use in the fisheries; sinkers and floats including trawl kegs, when for use exclusively in the

fisheries, not including these articles for sportsmen's purposes; fibre for use only in the manufacture of binder twine; fertilizers; dried beet pulp; manuscript; raw furs; wool not further prepared than washed; drain tiles for agricultural purposes; printed text-books authorized by the Department of Education of any province in Canada and phonograph records so authorized for instruction in the English and the French language, and materials used exclusively in the manufacture or production thereof; insulin; calf, cattle, hog, fox or poultry feed; preparations or chemicals sold for disinfecting, dipping or spraying and so used in agriculture or horticulture, and materials for use exclusively in manufacture or production of such preparations; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax; materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax.

Woolen rolls or wool yarn milled for a producer of wool from such wool supplied by him for his own use; cotton duck and cotton sail twine to be used only in the manufacture of equipment for ships or vessels; official stationery imported by His Majesty's Trade Commissioners in Canada from His Majesty's Stationery Office in England; crushed stone, produced or manufactured by any municipality exclusively for use in building or maintaining its roads or sidewalks, and not for sale, and sand, gravel, rubble and field stone; lasts for boots and shoes including rubber footwear and patterns and dies for boots and shoes including rubber footwear; apples, dried, desiccated or evaporated; articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased in good faith for use exclusively by the said hospital and not for resale; preparations for use exclusively as gopher poison; bakers' cake and pies when produced by any one manufacturer or producer to the value of not more than three thousand dollars in any one calendar year.

Goods Enumerated in Customs Tariff Items

40. Salt for use of the sea or gulf fisheries;

173. Books, embossed, and grooved cards for the blind; and books for the instruction of the deaf and dumb and blind; maps and charts for the use of schools for the blind;

175. Books not printed or reprinted in Canada, which are included and used as text-books in the curriculum of any university college or school in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, public libraries, libraries of universities, colleges and schools, or for the library of any incorporated medical, law, literary, scientific, or art association or society, and being the property of the organized authorities of such library, and not in any case the property of individuals—the whole under regulations prescribed by the Minister—provided that im-

porters of books who have sold the same for the purpose mentioned in this item shall, upon proof of sale and delivery for such purpose, be entitled to a refund of any duty paid thereon;

209b. Nicotine sulphate;

281. Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick valued at not less than one hundred dollars per one thousand, rectangular shaped, the dimensions of each not to exceed one hundred and twenty-five cubic inches, for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment;

281a. Fire brick, n.o.p., for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment;

352a. Bells, when imported for use in churches only;

364. Diamond dust or bort and black diamonds, for borers;

406. Coil chain, coil chain links, including repair links, and chain shackles, of iron or steel;

409a. Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of all the foregoing;

409b. Cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing;

409c. Ploughs; farm, field, lawn or garden rollers; soil packers; complete parts of all the foregoing;

409d. Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing;

409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears, animal dehorning instruments; and complete parts of all the foregoing;

(ii) Fruit and vegetable grading, washing and wiping machines and complete parts therefor;

409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing;

409g. Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing;

409i. Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.; complete parts for goods enumerated in Tariff Item 409i;

409j. Fanning mills; peaviners; corn husking machines; threshing machine separators, including wind stackers; baggers, weighers and self-feeders therefor; complete parts of all the foregoing;

409k. Windmills and complete parts thereof, not including shafting;

409n. Portable engines with boilers, in combination, for farm purposes; horse powers and traction engines for farm purposes n.o.p.; and complete parts of all the foregoing;

410b. Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter;

411. Machinery for use in sawing lumber, up to but not including the operation of planing, and complete parts thereof, not to include motive power, when for use exclusively in sawmills (for the purpose of this item motive power is defined as equipment for driving the machinery of the sawmill);

411a. Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump or common or other carrier;

411b. Cylinder stave saws, wheel type stave jointers, crozing and champhering machinery, when for use exclusively in making staves;

439c. Farm wagons, farm sleds, logging wagons, logging sleds, and complete parts thereof;

440k. Engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats bona fide owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the Minister;

442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister.

442a. Notwithstanding the provisions of tariff item 442, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own factories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister:—

(1) Pig iron;

(2) Bars or rods, of iron or steel, hot rolled;

460. Materials to be used in Canada for the construction of bridges and tunnels crossing the boundary between the United States and Canada, when similar materials are admitted free under similar circumstances into the United States, under regulations prescribed by the Minister;

464. Steel dies, of a class or kind not made in Canada, valued at not less than one thousand dollars each, for use exclusively in stamping metal sheets or metal plates: Provided that such dies shall be exported from Canada under Customs supervision within three months from the date of import entry;

476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; surgical operating tables for use in hospitals; microscopes valued at not less than \$50 each by retail; and complete parts of all the foregoing;

476a. Glassware and other scientific apparatus for laboratory work in public hospitals; apparatus for sterilizing purposes, including bed-pau washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the Minister;

480. Crutches or specially constructed staffs for cripples;

538. Binder twine or twine for harvest binders;

663b. Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers;

666. Nitro-glycerine, giant powder, nitro and other explosives;

667. Blasting and mining powder;

682. Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; bank, cod, pollock and mackerel fish lines; and mackerel herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not—in variety of sizes and threads—including gilling thread in balls, and head ropes for fishing nets; marline, and net morsels of cotton, hemp or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or ropes commonly used for sportsmen's purposes;

692. Coins, cabinets of; collections of medals and collections of postage stamps; medals of gold, silver or copper, and other metallic articles actually bestowed as trophies or prizes and received and accepted as honorary distinctions, and cups or other metallic prizes (not usual merchantable commodities), won in bona fide competitions;

695a. Paintings in oil or water colours, and pastels, valued at not less than twenty dollars each; paintings and sculptures by artists domiciled in Canada but residing temporarily abroad for purposes of study, under regulations by the Minister;

696. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, photographic reproductions, casts as models, etchings, lithographic prints or charts; mechanical equipment of a class or kind not made in Canada. All articles in this item, when specially imported in good faith for the use and by the order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the Minister;

700. Animals and articles brought into Canada temporarily and for a period not exceeding three months, for the purpose of exhibition or of competition for prizes offered by any agricultural or other association; provided a bond shall be first given in accordance with regulations prescribed by the Minister, with the condition that the full duty to which such animals or articles would otherwise be liable shall be paid in case of their sale in Canada, or if not re-exported within the time specified in such bond;

701. Menageries, horses, cattle, carriages and harness of, under regulations prescribed by the Minister;

702. Carriages for travellers, and carriages laden with merchandise, not to include circus troupes or hawkers, under regulations prescribed by the Minister;

703. Travellers' baggage, under regulations prescribed by the Minister;

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest;

Articles and materials to be used exclusively in the manufacture of goods enumerated in customs tariff items: 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442, 442a, 476, 476a, 480, 538, 663, 663a, 663b, 666, 667, 696.

Materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods enumerated in customs tariff items: 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442a, 476, 476a, 480, 538, 663, 663a, 666, 667, 696.

11. That Schedule IV to the said Act, as enacted by chapter fifty-four of the Statutes of 1932 enumerating articles exempt for fifty per cent of the sales tax, be repealed and the following substituted as Schedule IV:

Schedule IV

All articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

12. That Schedule V to the said Act, as enacted by section sixteen and referred to in section twelve of chapter fifty-four of the Statutes of 1932, be repealed and the following substituted as Schedule V:

Schedule V

Articles on which other excise taxes are imposed on importation by Part XI of this Act; raw leaf tobacco when imported by licensed tobacco or cigar manufacturers; material for the manufacture of binder twine for export, when imported by the manufacturers thereof; British and Canadian coin and foreign gold coin, bullion and unmanufactured gold; fish and other products of the fisheries of Newfoundland; fish caught by fishermen in vessels registered in Canada or owned by any person domiciled in Canada, and the products thereof carried from the fisheries in such vessels; donations of clothing for charitable purposes; bibles; fertilizers; animals for the improvement of stock; boards, planks and deals of fir, spruce, pine, hemlock or larch, in the rough, or not further manufactured than planed or dressed on one side, when imported from a country which admits free of duty similar lumber imported from Canada; goods enumerated in customs tariff items 173, 364, 460, 702, 703, 704, 705, 705a, 706, 707, 708 and 709.

13. That any enactment founded on paragraphs five, six, seven, eight, nine, ten, eleven and twelve of this resolution shall be deemed to have come into force on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods

imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

14. That any enactment founded on paragraphs two, three and four of this resolution shall be deemed to have come into force on the first day of May, one thousand nine hundred and thirty-three.

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:—

✓ 1. That the exemption granted to a married person or a widow or widower with a dependent child be reduced to \$2,000 and the exemption for all other persons be reduced to \$1,000;

✓ 2. That the exemption heretofore afforded to householders as defined shall be abolished;

✓ 3. That the exemption for a dependent child or grandchild be \$400;

✓ 4. That the exemption for a dependent parent, grandparent, brother or sister be the actual amount expended by a taxpayer up to a maximum exemption of \$400 for each such dependent person;

5. That the exemption of \$2,000 heretofore afforded to corporations and joint stock companies be abolished;

6. That the graduated rates of tax applicable to persons other than corporations and joint stock companies shall be the rates set forth in the following schedule;

7. That the rate of tax applicable to corporations shall be twelve and one-half per centum;

8. That where a corporation elects to file a consolidated return, the corporate rate of tax shall be thirteen and one-half per centum;

9. That the additional rate of tax heretofore provided in respect of incomes in excess of \$5,000 shall not apply to corporations;

10. That all bearer coupons, coupon certificates or dividend warrants issued by Canadian debtors in respect of which any interest or dividends are payable and all similar bearer coupons and dividend cheques issued by British or foreign debtors which are cashed by residents of Canada must have attached thereto a duly completed ownership certificate on the form prescribed;

11. That a tax of five per centum shall be imposed at the source on all dividends or interest paid or credited by Canadian debtors to non-residents of Canada;

12. That a tax of five per centum shall be imposed at the source on all dividends or interest payable by Canadian debtors and cashed by Canadian residents at a premium over par of Canadian funds;

13. That rents and royalties which are payable by Canadian debtors to non-residents of Canada shall have deducted at the source a tax of twelve and one-half per centum subject to adjustment on assessment of the Income Tax Return filed by the non-resident.

14. That provision be made to clarify and to render more certain and effective Section 13 of the said Act;

15. That provision be made for the limitation of certain allowances and expenses charged by companies in respect to amounts paid to relatives of shareholders, bonuses to officers and fees to directors;

16. That interest on indebtedness and taxes on productive property shall be rateably apportioned between income from sources exempt and those not exempt from Income Tax, provided that in no case shall such interest or taxes be apportioned against a taxpayer's income from his chief occupation or business;

17. That any enactment founded on paragraphs one to nine, both inclusive, and paragraphs fifteen and sixteen, shall be deemed to have come into force at the commencement of the 1932 taxation period and to be applicable thereto and to fiscal periods ending therein, and to all subsequent periods;

18. That any enactment founded on the provisions of paragraphs ten, eleven and twelve of this Resolution shall be deemed to have come into force on the first day of April, 1933, and shall be applicable to all payments made or received on or after such date and to any coupons, coupon certificates or dividend warrants which are redeemable on or after the said 1st April, 1933;

19. That any enactment founded on the provisions of paragraph thirteen of this Resolution shall be deemed to have come into force on the 22nd day of March, 1933, and shall be applicable to all payments made on and after the said date.

FIRST SCHEDULE

Rates of Tax Applicable to Persons other than Corporations and Joint Stock Companies

On the first \$1,000 of Net Income or any portion thereof in excess of Exemptions 3 per centum, or

\$30 upon Net Income of \$1,000; and upon Net Income in excess of \$1,000 and not in excess of \$2,000, 4 per centum in addition on such excess, or

\$70 upon Net Income of \$2,000; and upon Net Income in excess of \$2,000 and not in excess of \$3,000, 5 per centum in addition on such excess, or

\$120 upon Net Income of \$3,000; and upon Net Income in excess of \$3,000 and not in excess of \$4,000, 6 per centum in addition on such excess, or

\$180 upon Net Income of \$4,000; and upon Net Income in excess of \$4,000 and not in excess of \$5,000, 7 per centum in addition on such excess, or

\$250 upon Net Income of \$5,000; and upon Net Income in excess of \$5,000 and not in excess of \$6,000, 8 per centum in addition on such excess, or

\$330 upon Net Income of \$6,000; and upon Net Income in excess of \$6,000 and not in excess of \$7,000, 9 per centum in addition on such excess, or

\$420 upon Net Income of \$7,000; and upon Net Income in excess of \$7,000 and not in excess of \$8,000, 10 per centum in addition on such excess, or

\$520 upon Net Income of \$8,000; and upon Net Income in excess of \$8,000 and not in excess of \$9,000, 11 per centum in addition on such excess, or

\$630 upon Net Income of \$9,000; and upon Net Income in excess of \$9,000 and not in excess of \$10,000, 12 per centum in addition on such excess, or

\$750 upon Net Income of \$10,000; and upon Net Income in excess of \$10,000 and not in excess of \$11,000, 13 per centum in addition on such excess, or

\$880 upon Net Income of \$11,000; and upon Net Income in excess of \$11,000 and not in excess of \$12,000, 14 per centum in addition on such excess, or

\$1,020 upon Net Income of \$12,000; and upon Net Income in excess of \$12,000 and not in excess of \$13,000, 15 per centum in addition on such excess, or

\$1,170 upon Net Income of \$13,000; and upon Net Income in excess of \$13,000 and not in excess of \$14,000, 16 per centum in addition on such excess, or

\$1,330 upon Net Income of \$14,000; and upon Net Income in excess of \$14,000 and not in excess of \$15,000, 17 per centum in addition on such excess, or

\$1,500 upon Net Income of \$15,000; and upon Net Income in excess of \$15,000 and not in excess of \$16,000, 18 per centum in addition on such excess, or

\$1,680 upon Net Income of \$16,000; and upon Net Income in excess of \$16,000 and not in excess of \$17,000, 19 per centum in addition on such excess, or

\$1,870 upon Net Income of \$17,000; and upon Net Income in excess of \$17,000 and not in excess of \$18,000, 20 per centum in addition on such excess, or

\$2,070 upon Net Income of \$18,000; and upon Net Income in excess of \$18,000 and not in excess of \$19,000, 21 per centum in addition on such excess, or

\$2,280 upon Net Income of \$19,000; and upon Net Income in excess of \$19,000 and not in excess of \$20,000, 22 per centum in addition on such excess, or

\$2,500 upon Net Income of \$20,000; and upon Net Income in excess of \$20,000 and not in excess of \$25,000, 23 per centum in addition on such excess, or

\$3,650 upon Net Income of \$25,000; and upon Net Income in excess of \$25,000 and not in excess of \$30,000, 24 per centum in addition on such excess, or

\$4,850 upon Net Income of \$30,000; and upon Net Income in excess of \$30,000 and not in excess of \$35,000, 25 per centum in addition on such excess, or

\$6,100 upon Net Income of \$35,000; and upon Net Income in excess of \$35,000 and not in excess of \$40,000, 26 per centum in addition on such excess, or

\$7,400 upon Net Income of \$40,000; and upon Net Income in excess of \$40,000 and not in excess of \$45,000, 27 per centum in addition on such excess, or

\$8,750 upon Net Income of \$45,000; and upon Net Income in excess of \$45,000 and not in excess of \$50,000, 28 per centum in addition on such excess, or

\$10,150 upon Net Income of \$50,000; and upon Net Income in excess of \$50,000 and not in excess of \$55,000, 29 per centum in addition on such excess, or

\$11,600 upon Net Income of \$55,000; and upon Net Income in excess of \$55,000 and not in excess of \$60,000, 30 per centum in addition on such excess, or

\$13,100 upon Net Income of \$60,000; and upon Net Income in excess of \$60,000 and not in excess of \$65,000, 31 per centum in addition on such excess, or

\$14,650 upon Net Income of \$65,000; and upon Net Income in excess of \$65,000 and not in excess of \$70,000, 32 per centum in addition on such excess, or

\$16,250 upon Net Income of \$70,000; and upon Net Income in excess of \$70,000 and not in excess of \$75,000, 33 per centum in addition on such excess, or

\$17,900 upon Net Income of \$75,000; and upon Net Income in excess of \$75,000 and not in excess of \$80,000, 34 per centum in addition on such excess, or

\$19,600 upon Net Income of \$80,000; and upon Net Income in excess of \$80,000 and not in excess of \$85,000, 35 per centum in addition on such excess, or

\$21,350 upon Net Income of \$85,000; and upon Net Income in excess of \$85,000 and not in excess of \$90,000, 36 per centum in addition on such excess, or

\$23,150 upon Net Income of \$90,000; and upon Net Income in excess of \$90,000 and not in excess of \$95,000, 37 per centum in addition on such excess, or

\$25,000 upon Net Income of \$95,000; and upon Net Income in excess of \$95,000 and not in excess of \$100,000, 38 per centum in addition on such excess, or

\$26,900 upon Net Income of \$100,000; and upon Net Income in excess of \$100,000 and not in excess of \$110,000, 39 per centum in addition

\$30,800 upon Net Income of \$110,000; and upon Net Income in excess of \$110,000 and not in excess of \$120,000, 40 per centum in addition

\$34,800 upon Net Income of \$120,000; and upon Net Income in excess of \$120,000 and not in excess of \$130,000, 41 per centum in addition

\$38,900 upon Net Income of \$130,000; and upon Net Income in excess of \$130,000 and not in excess of \$140,000, 42 per centum in addition

\$43,100 upon Net Income of \$140,000; and upon Net Income in excess of \$140,000 and not in excess of \$150,000, 43 per centum in addition

\$17,400 upon Net Income of \$150,000; and upon Net Income in excess of \$150,000 and not in excess of \$175,000, 44 per centum in addition

\$58,400 upon Net Income of \$175,000; and upon Net Income in excess of \$175,000 and not in excess of \$200,000 45 per centum in addition

\$69,650 upon Net Income of \$200,000; and upon Net Income in excess of \$200,000 and not in excess of \$225,000 46 per centum in addition

\$81,150 upon Net Income of \$225,000; and upon Net Income in excess of \$225,000 and not in excess of \$250,000, 47 per centum in addition

in excess of \$250,000, 47 per centum in addition on such excess, or \$92,900 upon Net Income of \$250,000; and upon Net Income in excess of \$250,000 and not

in excess of \$275,000, 48 per centum in addition on such excess, or

\$104,900 upon Net Income of \$275,000; and upon Net Income in excess of \$275,000 and not

\$117,150 upon Net Income of \$300,000; and upon Net Income in excess of \$300,000 and not

in excess of \$325,000, 50 per centum in addition on such excess, or

\$129,650 upon Net Income of \$325,000; and upon Net Income in excess of \$325,000 and not in excess of \$350,000, 51 per centum in addition on such excess, or

\$142,400 upon Net Income of \$350,000; and upon Net Income in excess of \$350,000 and not in excess of \$375,000, 52 per centum in addition on such excess, or

\$155,400 upon Net Income of \$375,000; and upon Net Income in excess of \$375,000 and not in excess of \$400,000, 53 per centum in addition on such excess, or

\$168,650 upon Net Income of \$400,000; and upon Net Income in excess of \$400,000 and not in excess of \$450,000, 54 per centum in addition on such excess, or

\$195,650 upon Net Income of \$450,000; and upon Net Income in excess of \$450,000 and not in excess of \$500,000, 55 per centum in addition on such excess, or

\$223,150 upon Net Income of \$500,000; and upon Net Income in excess of \$500,000, 56 per centum in addition on such excess.

On motion of Mr. Ralston, the debate was adjourned.

